The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

ARTICLES IN

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Prohibition, Passports and Prosperity
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SATURDAY, OCTOBER 27, 1934 VOLUME 70, NUMBER 9

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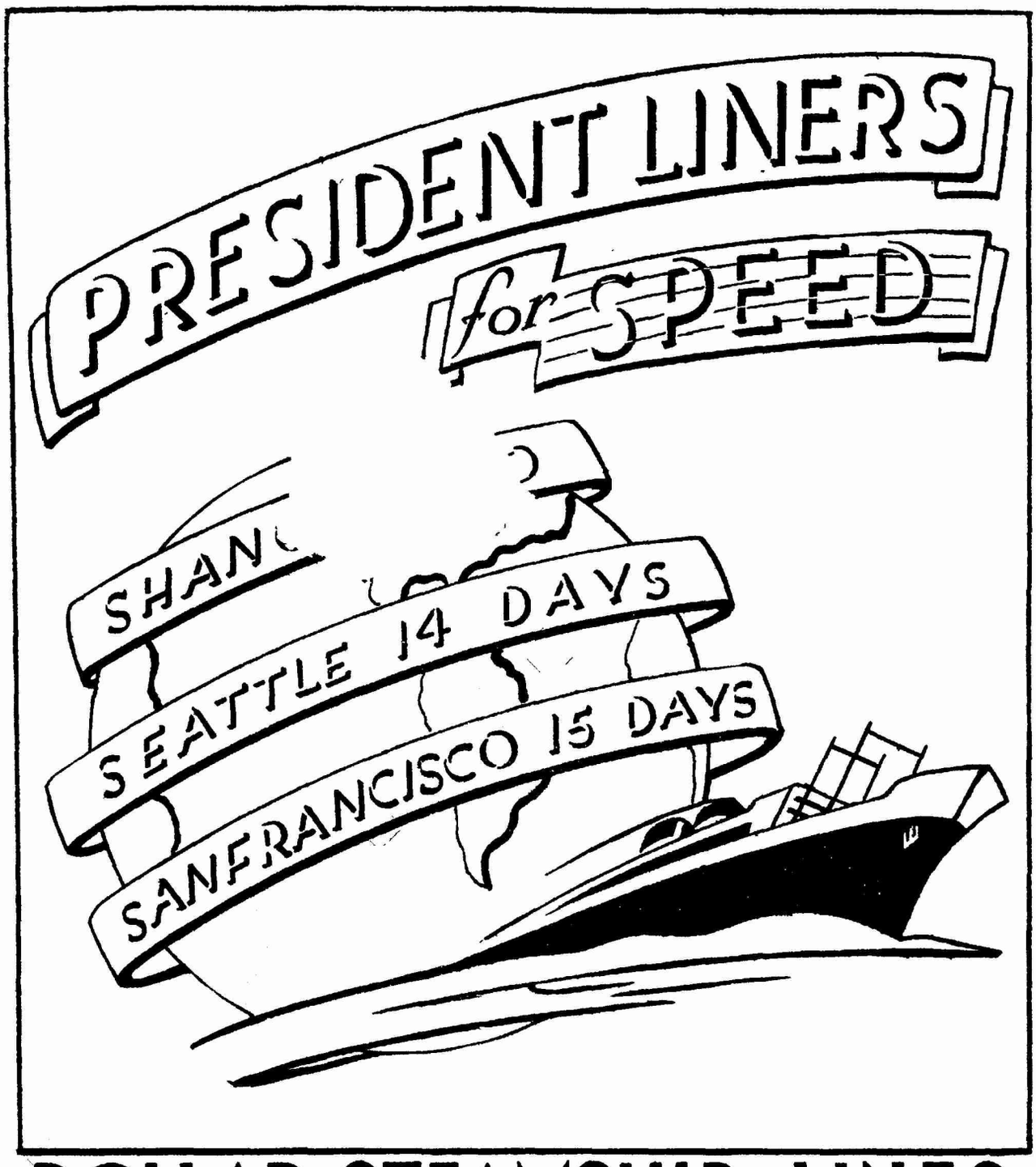

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The National City Bank of New York, Rates of Exchange

Shanghai, Oct. 24, 1934

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Demand buying rate on America:	U.S.$100=Sh. $ 3.02
Demand selling rate on London:	£1.0.0=Sh. $15.30
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Latest New York Stock Exchange Quotations

Business Done:- 540,000 Shares

October 24, 1934

1933-34 High	1933-34 Low	Div. $ per Sh.	STOCKS	Last Sale Oct. 22	Last Sale Oct. 23
18⅝	3	—	Adams Express	7	6⅞
112	47½	3.00	Air Reduction	105½	106
33	11⅛	1.20	Alaska Juneau	18⅝	18
160¾	70⅝	6.00	Allied Chemical	130	129¾
26⅜	6	—	Allis Chalmers	13¾	13¼
42½	9½	0.80	Am. Brake Shoe & Fdry.	24¼	24⅛
107¾	49½	4.00	American Can	102¼	103
89⅞	13	—	Amer. Commi. Alcohol	27⅝	27⅛
22½	3¼	0.25	Amer. Cyanamid "B"	16¾	16¾
19⅝	3¾	—	American & Foreign Power	6	5⅞
27⅝	3⅛	—	American Metal Company	15	14⅞
53½	10¾	—	American Smelting	36⅜	35½
134¾	86½	9.00	American Tel. & Tel.	110	110¼
94⅜	50¾	5.00	American Tobacco "B"	80⅛	80¼
43¼	10⅞	1.00	American Waterworks	15⅝	15⅝
22⅞	5	—	Anaconda Copper	10¾	10⅝
18⅝	5⅞	—	Atlas Corporation	8¾	8⅝
84¼	16⅞	—	Auburn	27¾	27⅜
87⅞	8¼	—	Baltimore & Ohio	15⅝	15⅞
49½	10⅞	—	Bethlehem Steel	27⅞	28
37½	18	1.60	Borden Company	25⅝	25¾
28⅝	6½	1.00	Borg Warner	24	23¾
20⅞	7½	—	Canadian Pacific Railway	12½	12⅜
103½	30½	—	Case, J. I.	47	47½
40¾	15⅞	1.40	Chase National Bank	24	24⅛
52½	14⅞	2.50	Chesapeake Corporation	38	38¾
60⅜	7¾	1.00	Chrysler	35¾	35½
28⅛	7⅝	—	Columbia Gas & Electric	8¾	8¾
6¼	1¼	—	Commonwealth & Southern (ord.)	1½	1⅝
64½	25¼	2.00	Consolidated Gas of N. Y.	26¾	26¼
28¾	4⅞	1.00	Continental Oil	16½	16⅝
9⅞	2	—	Coty Inc.	5¼	5
51⅛	1½	—	Curtiss Wright Company	2⅝	2½
93¾	35	—	Delaware & Hudson	39	38⅝
28½	10¼	—	Douglas Aircraft	17½	16⅞
103⅞	32⅛	2.60	Du Pont de Nemours	93¼	93½
104	46	4.00	Eastman Kodak	102¾	103¼
41⅝	9⅛	—	Electric Bond & Share	9⅞	10⅛
15⅝	3⅛	—	Electric Power & Light	3¾	3¾
19	8¼	—	Fox Film "A"	13⅛	12½
50⅜	16⅛	2.00	Freeport Texas	27	26½
10¾	2⅞	—	General Aviation	3⅞	4
30¼	10½	0.60	General Electric	18½	18¼
39⅞	21	1.80	General Foods	31½	31⅞
42	10	1.00	General Motors	30	29⅝
49½	13¾	1.00	General Railway Signal	24	24½
27⅜	12	1.20	Gold Dust	17⅝	17⅜
47½	9¼	—	Goodyear Tire & Rubber	21½	21¼
81½	15	8.00	Hercules Pwdr. Co.	73	73
57¼	35	8.00	Howe Sound	50½	49½
40	6½	—	International Cement	22½	22¼
46⅞	13⅛	0.60	International Harvester	34⅛	33½
29¼	6¾	0.60	International Nickel	24⅜	24⅜
21¾	5⅛	—	International Tel. & Tel.	9¾	9½
66⅜	12¼	—	Johns Manville	46¾	46¼
26	7⅛	0.60	Kennecott	17¼	14⅝
79⅜	37½	2.40	Lehman Corporation	68½	67⅜
101½	49	4.00	Liggett & Myers "B"	101½	101¼
36⅛	8½	1.00	Loew's Inc.	30½	30¼
25¼	10⅝	1.20	Lorillard	18⅜	18⅜
35⅝	8⅝	—	Montgomery Ward	28¼	27⅞
43	16⅞	1.00	National City Bank	21⅜	21¾
33¼	16¼	—	National Distillers	21½	20¾
58½	14	—	New York Central	21¼	21⅜
16½	12⅛	4%S	North American	13¾	13
96¾	31½	3.00	Owens Illionois Glass	78	81
81⅞	13¼	1.50	Pacific Gas & Electric	15¼	15
6⅞	1¾	—	Packard Motors	3⅝	3⅝
6⅜	1½	—	Pennroad Corporation	1⅜	1⅞
42½	13¾	1.00	Pennsylvania Railroad	22⅜	22⅝
20¾	4¾	1.00	Phillips Petroleum	18¾	14
12¼	3	—	Radio Corporation	5⅝	5⅝
54¼	26½	3.00	Reynolds Tobacco "B"	49⅜	49½
51¾	12½	—	Sears Roebuck	41	40⅝
19⅞	6	0.60	Socony-Vacuum Corporation	13½	13½
28	10¼	1.50	Southern California Edison	12¼	12⅛
22½	5½	—	Standard Gas & Electric	7¼	8½
50⅛	22¾	1.00	Standard Oil Co. of N. J.	40⅝	41¼
66⅛	45¾	3.80	Sterling Products	61¼	60½
9¼	1½	—	Studebaker	3	3¼
30¼	10¾	1.00	Texas Corporation	20½	20¼
9⅝	2⅝	0.12	Transamerica	5¼	5¼
51⅞	19¾	1.40	Union Carbide & Carbon	44	44½
133⅞	61¼	6.00	Union Pacific	102	100¼
10⅛	8½	—	United Aircraft (New)	9	8¾
14½	3⅜	—	United Corporation	3⅝	3¼
25	13⅝	1.20	United Gas Improvement	14	13½
51½	21⅛	2.00	Universal Leaf Tobacco	50	49½
25	2⅞	—	U. S. Rubber	16	16
67½	23⅜	—	U. S. Steel	33½	33¼
36¼	7⅝	—	Vanadium	16⅝	16⅝
13⅝	1	—	Warner Bros. Pictures	4⅜	3⅝
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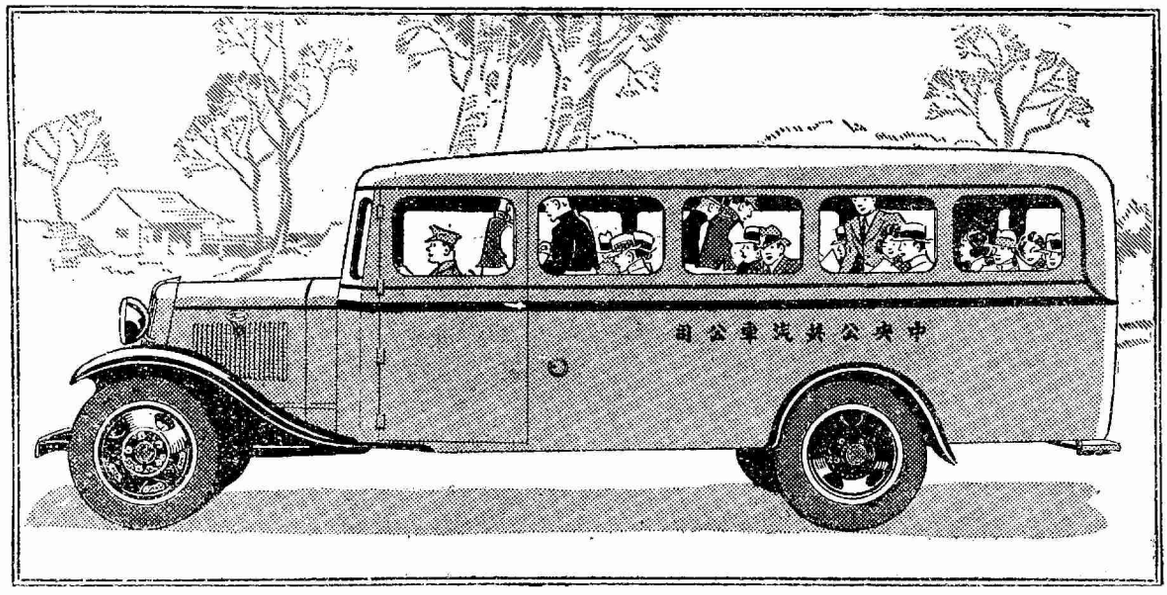

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密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

THE MATTER OF CORRECT NATIONALISTIC NOMENCLATURE

A CORRESPONDENT challenges the use of the word "Slavish" in an article in *The Review* last week, saying that the correct word is "Slavic." On looking up the matter we find that the Oxford dictionary gives the word "Slavish" (in the sense of pertaining to Slavs) whereas Webster's gives only "Slavic". This is an appropriate occasion to say a few words on national nomenclature in general. Modern Scots, for instance, object to the word "Scotch" when applied to their men, but still continue to use it as a perfectly good word as applied to their whisky. The residents of the British Isles object to being described as "Britishers" but in reality the only "Britons" are the Welsh. The Netherlands Consulate General in Shanghai some time ago sent us a note requesting us to use the word "Netherlands" instead of "Dutch," but when a member of our staff visited the Consulate itself several weeks ago he found on the Consulate desk an advertisement, circulated officially, advertising a "Dutch" fair, and the current advertisements of the Java-China-Japan Lijn boost the "Dutch Mails" in letters half an inch high. The Chinese insist that the word "Chinese" used as a noun is also applicable in the singular, but the result is that when you say "a Chinese", the sex is undetermined, which was not the case in the now tabooed word, "Chinaman". By analogy, if a resident of America is an American, a resident of China should be a "Chinan". Chinese high-brows also object to the word "native" as applied to individuals, but do not object to its use when applied to banks. The late Sir Robert Hart, who built up the Chinese Maritime Customs, is usually described as an "Englishman"; he himself, as also his fellow countrymen, have always been very careful to point out that he was an *Irishman.* The Russian word for German is "Niemetz" (literally dumb). Modern Germans will tell you that nowadays the shoe is on the other foot. Probably not one person in a hundred realizes that the word Ecuador (a country in South America) means literally "equator". In the Spanish language a resident of that country is therefore described (if the word were translated into English) as an "Equatorian".

One hears much these days about Yugoslavia. How many know that the word "Yugo" is merely the Slavic word for "south"? In Japan a controversy is raging at present as to whether the correct description of that country and its people is "Japan" or "Nippon"—variant pronunciations of the two Chinese characters 日本 (which the Japanese have adopted as their own). A Japanese consignment to America was marked recently by an over-enthusiastic Japanese clerk "Made in *Nippon*", and on the score that it did not comply with the American customs regulations requiring the stamp to read "Made in *Japan*", it was held up for weeks on its arrival in America until all the contents were relabelled with the legal phrase. When a swarthy resident of Britain's great Asiatic dependency arrives in America, he must, in order to avoid being mistaken for a Redskin, specify that he is an "Indian *from India.*" The most difficult nomenclature of all is that of a resident of the United States of America. Obviously he can't be called a "United Stateser". He is generally known as an American, but when he arrives in Europe he will frequently be asked whether he is a "North" American or a "South" American. That is particularly the case in Spain and other Latin countries. When a South American translator over half a century ago during the course of treaty negotiatations with the United States of America translated the words as "Los Estados Unidos de America *del Norte* (of the North), the American negotiators were greatly incensed. Yet the fact remains that South Americans generally resent the assumption by residents of the United States to arrogate to themselves exclusively the description "Americans". Even the word "Yankee" (which is an Indian "Redskin" corruption of "English"—not so far removed from the original as the Japanese word "Igirisu") won't do as a generally accepted description for the citizens of the "Land of the Free and the Home of the Brave," although Europeans generally use it in that sense in a derogatory way. In the United States itself it is used by Southerners to mean Northerners, in the North it is used only as referring to New Englanders, and when one gets to New England one finds that it there narrows down to a portion of the coast of Maine. For genuinely descriptive nationalistic nomenclature, no country can, we venture to say, excel our own dear United States, as for example:—*Wop, Limey, Sheeny, Squarehead, Froggie, Harp, Dago, Chink, Jap, Heine, Greaser, Hunkie, Bohunk, Nigger, Canuck, and so on. Mark Twain has referred to this matter of national nomenclature in one of his stories. When the old sea captain got to Heaven and was interrogated as to where he came from he soon found that his first answer, "San Francisco" and his later answer, "the United States" got him nowhere. Even when the sea captain at last blurted out that he was from the "world," he was blandly met with the remark by Gabriel's assistant, "Which world? "There are millions of them!"

*For fear that non-American readers may not be able to "translate" the above, we give the equivalents in everyday language, in the order named: Italian, British in general (a reference to the use of lime juice in the British Navy), Jew, Scandinavian, French, Irish, Spanish-American (formerly also Italian), Chinese, Japanese, German, Mexican, Hungarian, Bohemian, Negro, Canadian.

HOW ECONOMIC LAWS OVERRIDE POLITICAL RESTRICTIONS

COMPLAINTS are coming simultaneously from Mindanao in the southern part of the Philippine Islands and from the Salt River Valley, Arizona, of the inroads made by Japanese farmers. The charge is made that in Mindanao the Japanese have virtually become the principal landholders through the connivance of the natives of the country selling out their birthright. The news from the Salt River Valley in Arizona is not specific on this point, but riots and disputes of various kinds have occurred there as a result of the inroads made by Japanese farmers, and judging from precedents, it is probably the case also that American land-owners have stretched a point in granting facilities to Japanese farmers on land which Japanese, because of a willingness to work at tasks which the average American would spurn, are able to make a living out of. These Mindanao and Salt River Valley incidents have furnished further examples, of which there have been many throughout the ages, of how political restrictions are almost helpless against the force of economic laws. We have no sympathy whatever for the cry of the Japanese against the harshness of American immigration laws because the Japanese enforce just as harsh laws against the Chinese, and for the same reasons, namely that just as the Japanese, because of a lower standard of living than the Americans, are able to eke out a living where Americans are not, so the Chinese with an even lower standard than the Japanese, are able to push out the Japanese. A striking example of how economic laws win out over political restritions is to be seen in the Shanghai Foreign Settlement. Here the natural economic forces have been able to develop and win out against the political restrictions through the connivance of those for whom the sheltering wings of the political control were originally spread. The original settlers in Shanghai, when drawing up the local "constitution" stipulated that no Chinese could own land within its borders. As a political principle that rule still holds good, but with the passing of extraterritoriality it will inevitably be abolished. However, no matter what the "law" may be, the *fact* is that the greater part of the land in Shanghai is actually owned by Chinese. When during the Taiping rebellion, the then land owners found that they could make handsome profits by giving refuge to rich Chinese they soon forgot their prejudices against them. They "invented" the scheme of registering the Chinese land in their respective Consulates as their own and privately giving the Chinese owner a document stating that the land was really his. That system has been followed ever since so that it is estimated that about three-quarters of the land here is actually Chinese owned. There is no way to arrive at the exact

position, as the details are locked up in the private archives of local lawyers and land agents.

WHAT DOES THE FUTURE HOLD IN STORE FOR "NEW ENGINEERING"?

SHANGHAI share speculators are watching with interest recent fluctuations in the prices of the shares of the New Engineering and Shipbuilding Works, Ltd. This company, and the older established concern, the Shanghai Dock & Engineering Co., Ltd., are keen competitors for the shipbuilding and repair business, and have generally been good money makers. The New Engineering for the last year or so has not, however, been so prosperous and the ordinary shareholders, which in previous years have been receiving some fair dividends have lately been getting no return whatever. The capital of the New Engineering is equally divided into ordinary shares and preference shares, there having been issued 300,000 of each. The preference shares draw eight per cent interest, and this has always been paid. Last year, however, it was only possible to pay the preference shares after drawing on reserves, and the ordinary shareholders received nothing. The unknown quantity in the affairs of the New Engineering is as to the progress that has been made towards the amalgamation with the competing Shanghai Dock, of which considerable has been heard during the past few years. The situation is that the preference shares are widely scattered among a large group of holders with several Shanghai sharebrokers holding fairly large blocks. The ordinary shareholders are much fewer in number, the principal holders being the "Arnholds" and the "Sassoons". The preference shareholders have no voice in the meetings, and it follows that they will have no voice in the matter of approving or disapproving whatever negotiations may develop as regards amalgamation with the Dock Company. The preference shares have always stood above par, (par Tls. 5, or say $7). They went up as high as $8.90 during the latter part of last year, but dropped sharply after the dividend was paid. Now, again, they are on the upward grade, having on one day dropped to par, and since gone up to $7.50. The buyers are naturally figuring upon getting the usual 8 per cent return for this year (usually paid about March of the following year), this amounting to $0.55 per share. The ordinary shares have been below par for quite some time, but they have of late developed considerable strength. It is rumored that the purchasers are closely connected with the management. This would indicate that the negotiations for the amalgamation are getting "warmer." If amalgamation takes place all that the preference shareholders can hope for is to be paid off at the par value of seven dollars per share plus interest. Those who bought above par will, in such event, lose. How the ordinary shareholders will fare will all depend on how advantageous an amalgamation can be arranged with the Dock Company.

PROHIBITION, PASSPORTS AND PROSPERITY

A CASE before the First Special District Court in Shanghai during the week concerned a German, who is alleged to have had a forged passport in his possession,—in addition to a genuine one which is the one on which he entered Shanghai in a legal manner. Discussing the subject in an entirely detached and general way, we first wish to call attention to the following paragraph which we came across in the files of *The Review* (Feb. 24, 1923). This clipping, dated eleven years back, will impress on the reader how long the passport "nuisance" has been in existence. No American can deny that in this matter of making passports and visa charges expensive and the incidental procedure irritating, throughout the world, America has been the principal offender.

(From the China Weekly Review, Feb 24, 1923)

SECRETARY HUGHES FAVORS REDUCTION OF U. S. PASSPORT FEES

Secretary of State, Charles E. Hughes, in a recent statement made before a committee of the House of Representatives in Washington expressed his disapproval of the fees charged by American consulates throughout the world for passports and visaes and also urged a simplification of passport procedure. His statement was:

"Personally I should like to see the passport and vise fees eliminated or reduced to a minimum because I think *they are first-class nuisances.* Every once in a while I see that the Department of State is getting letters, and I see articles in the newspapers, to the effect that the Department of State is keeping the passport fees up. Of coure that is a Congressional matter, and we cannot waive the passport fee. It would be of great interest to business and would aid in the freedom of intercourse if these difficulties in travel that some of us were wholly unfamiliar with in the halcyon days before the war could be got rid of."

The man who expressed those sentiments has in the meantime become Chief Justice of the United States Supreme Court.

Two major matters at present menace the peace of the world and tend to make economic recovery difficult, if not impossible—restrictions on trade through excessive duties and restrictions on travel because of immigration and passport regulations. These are the vital matters, because they are the things that make for international irritation —the building of battleships is merely incidental. President Hoover said that the way to deal with the Prohibition problem was to enforce the law. The American public thought otherwise. Generally speaking, the American public made up its mind to *break the law.* That in the end led to its abolition. In the same way it logically follows that the effective way for internationally minded people to secure abolition of passport restrictions and the removal of high tariff walls is to continue to use forged documents and engage in smuggling—and reports from all parts of the world in recent months indicate that is just what is happening.

As regards passports, various countries decide as between pride, prejudice and profit in various ways. The Japanese have decided to grant Americans visaes free of charge. China sticks to the ten

U. S. dollars fee for a passport. China and America draw huge revenues from these fees. It is doubtful, nevertheless, whether it is a procedure that pays in the long run.

Prohibition in the United States has had a most remarkable history. There was a peculiar blend of piety and practicality. During the war it was a practical matter to enforce prohibition. One of the bravest and wisest things that the late President Wilson did was to veto the Volstead Act—a fact which most Americans conveniently forget. A war-crazed nation passed it over his head. Later it became a practical matter to rescind prohibition, and so it was rescinded. The moral feature was smothered. As regards smuggling, the attitude of the public in general is usually that they are willing to chance it, and hope they won't get caught. Interviews with customs examiners are authority for this statement. A Turkish Consul was found guilty in Soviet Russia last week of smuggling. The telegraph service which reported the incident remarked that the Consul thought his baggage wouldn't be examined because of his position.

GRAVE UNEMPLOYMENT SITUATION IN THE UNITED STATES

THE gravity of the unemployment situation in the United States may be judged by a telegram from Washington, Oct. 21, sent not by *Reuter's*—the British service which at times in past years has gone out of its way to send news in a form to disparage America—but by the liberal American service, the *United Press.* This *U. P.* message stated that the Roosevelt Administration is planning a huge unemployment relief program for the coming winter **as insurance against possibility of widespread violence.**

Government leaders are quoted as expressing the belief that relief projects in the United States must be greatly increased during the coming winter in order to meet the destitution peak of the impending cold weather, which usually reaches its zenith during the month of February. Some of the Administration officials at Washington are making no secret of their fear that violence will inevitably follow failure to afford adequate relief. Failure to care for the destitute, these officials are convinced, would be likely to cause hungry, naked, homeless men to throw off the shackles of habitual subservience to the law, and seize food, clothing and possibly shelter. Government leaders now are devoting careful study to the possibility of reducing the pay scale on Public Works Administration projects in order to spread the available funds over the widest possible area. The dilemma here, however, is that any material reduction in the P.W.A. scale would bring wages on governmental projects below the present labor union levels. This would enrage the American Federation of Labor and add additional complications to an already tense labor situation. Harry L. Hopkins, Federal Relief Administrator, predicts that the February destitution peak will probably find 20,000,000 persons on the relief rolls. In the meantime, the "high lights" in American politics are that James A. Farley, Postmaster General and Chairman of the National Democratic Committee, is earnestly supporting, probably with private wry grimaces, the candidacy of Upton Sinclair, the Democratic (erstwhile Socialist) candidate for Governor of the State of California. The *Literary Digest's* poll shows that the public support for Roosevelt's "New Deal" is waning. The "Brain Trust's" hold on the President seems to be lessening, and more and more President Roosevelt is summoning prominent industrialists to Washington for private conferences—and thus is beginning to follow in the footsteps of his illustrious namesake, the irrepressible "Teddy," who pinned his faith to "practical" men.

"Eccentricities of the Japanese Post Office Censors"

Through the usual official channels *The Review* was notified at this late date (Oct. 23) that the Kobe Post Office had confiscated the issue of this journal of May 12 last. In said issue there was an editorial entitled, "Eccentricities of Japan's Post Office Censors."

Another eccentricity seems to be that the Kobe Post Office censors are very slow about letting one know the details of their activities.

The Censorship Business

The following is part of an editorial in the "Hankow Herald," a daily newspaper in the English language owned and edited by Chinese.

The Government should never try to interfere with the press in the telling of the truth, but it is justified in being ruthless in suppressing those forces for evil which are represented by the unscrupulous correspondents who make use of the papers and agencies they represent to carry on subversive activities. The Government would do well to overhaul the whole censorate system and have it placed upon a proper and an honorable basis. At present the activities of some of the censors are far from honorable, and bring discredit upon the Government, and defeat in the end the very effect the clever censor assures his superiors he can produce.

How Japan Might Win Without Fighting

IT is always important in any contest to get the other side's point of view. It is dangerous to one's own side to neglect to keep track of what the opponent is thinking about or underestimating his strength. The British made that mistake regarding the Germans in the early days of the world war. The Western World is prone to make the same mistake regarding Japan. The old adage, "Forewarned is forearmed" comes to mind in this respect. These thoughts are evoked by a book recently published in Tokyo by Major General Tsunkichi Kono entitled "Winning Without Fight." In this army man's opinion Japan may hope to win her case without going to war by observing the following four points:

(1) By making adequate provision for her fighting strength.

(2) By faithfully observing the provisions of the mandates in her administration of the southern Pacific mandated areas.

(3) By showing that her constructive work in Manchuria has achieved real results.

(Continued on Page 313)

Independence of Inner Mongols Marked by Duties on Chinese Goods; Mongol Official, Kidnapped in Peiping, Reported Killed

THE situation in regard to Inner Mongolia has reached greater tension than at any time in the past twenty years. The Inner Mongols, who early this year were officially granted an autonomy which the Chinese officials in their districts have been at no pains to fulfill, have finally taken matters into their own hands, and are now taxing Chinese goods passing through their territory, treating China as if she were a foreign state. This action was evidently prompted by the disappearance of a prominent Mongol official, Khukhu Batur or Han Feng-lin, in Peiping. He was kidnapped on September 3, and according to Japanese reports has been shot by the Chinese authorities. This brought matters to the breaking point.

General Ho Ying-chin made a hurried trip to Kweihwa to negotiate with Mongol leaders, and then came south to report to General Chiang Kai-shek. General Chiang himself has now made a trip to Ninghsia province, the Mongols of which are to be included in Autonomous Inner Mongolia. The Panchen Lama is in Suiyuan province, in touch with the Mongols there, instead of continuing his journey to Tibet. The situation is evidently regarded seriously, though very little leaks out of what is actually going on in the Mongol areas. Reports from Nanking this week have it that a great Mongol army is actually fighting against the Japanese in Inner Mongolia, which may be taken to mean that the Mongols are at least fighting someone—or preparing to do so.

The Inner Mongols of Chahar and Suiyuan are hardly in a position, in a military way, to fight the Nanking Government forces. Their position, however, is a special one, linked as they are with their fellow-Mongols in "Manchukuo," and with Japanese friendship if not active support. The Japanese attitude was shown emphatically last year in regard to the Dolonor area in middle Chahar, when they replied, in response to a formal request from the Chinese to return this territory, that this was "unthinkable," as the area was occupied by Mongols, natives of Chahar province, and that China had therefore no claim to the city.

The independence which the Mongol leaders hope to gain is not a new thing, though developments of recent years have given it in some ways a new form. More than twenty years ago, immediately after the Chinese Revolution, Inner Mongolia was in fact independent of China, and linked with Outer Mongolia. When the Mongols declared their independence in 1911 it was not merely for "Outer" Mongolia, but for Mongolia as a whole, and Mongol forces in 1912 controlled much of Inner Mongolia. Imperial Russia, however, owing to her secret treaty with Japan, was prepared to support only "Outer" Mongolia.

Thanks to the publication by the Soviet Government of old secret treaties and secret negotiations of the Tsarist Government, it is now possible to gain a clear understanding of the position of Russia in Mongolia twenty years ago. Japan was already supported by both France and Britain in Eastern Inner Mongolia. Russia, therefore, in her secret treaties with Japan in 1907, 1910, and 1912, gained recognition of her own "special rights" only for "Outer" Mongolia. When Imperial Russia, therefore, supplied arms and other military assistance to the "independent Mongolia" regime, she categorically refused to permit their use in Inner Mongolia, and such forces as had entered this area from beyond the desert had finally to be withdrawn. Only "Outer" Mongolia (even this, however, excluding the eastern Mongols, in Barga) was finally recognized as an "autonomous state," under Chinese suzerainty but with no element of Chinese control. In "Inner" Mongolia Chinese authority was permitted to re-establish itself, though the area east of the meridian of Peiping was a sphere in which the Japanese claimed rights and interests, recognized by France, Britain, and Russia.

The division of Mongolia thus established was greatly strengthened ten years later, when the Soviet Government established in Outer Mongolia a radical Mongol regime, depriving both princes and priests of their old powers. This created a real cleavage between Inner and Eastern Mongolia, under its princes and lamas, or directly under Chinese officials, and Outer Mongolia with its "People's Republic" of a definitely Red orientation. The gulf between the two Mongolias widened, and in ten years more there came still a further factor, when the Japanese occupied the northeastern provinces of China, including eastern Mongol territory which had been included in Heilungkiang, Fengtien, and Jehol. The territories here still occupied mainly by Mongols were formed into the special autonomous area of "Hsingan," ruled by the princes and lamas but ultimately under the Japanese Board of General Affairs at Changchun.

The Japanese made special efforts to develop a new "national consciousness" among the Mongols. A number of young Mongols were educated in Japan, and both these and other Japanese agents spread the conception of a new nationalism among the princes of Inner Mongolia. The idea was now set forth of a "united Mongolia," to be united of course under princes and lamas, with Japanese support, and "allied" with their old Manchu ruler Henry Pu-Yi. Prince Teh, of the Silingol League of northern Chahar, with other Mongol leaders, was presented by a Japanese adviser to Pu-Yi at Changchun, and the "Autonomous Inner Mongolia" movement was launched, the real aim of which was frankly declared by Prince Teh to be "an effort to preserve Mongolia as a country, and the Mongol people as a race. . . . Mongolia would form a buffer between China and the countries round her on the north and east."

Prince Teh was able to be so forthright because of the virtual independence of his own territory, in northern Chahar, from Chinese authority. When the Japanese pushed west and southwest last year, they did not stop at the border of Jehol, but went on to the Great Wall, both in Hopei and Chahar provinces. The Tangku Agreement, the Japanese subsequently declared, stipulated that the Chinese troops were to withdraw to the Lungkwan-Changpeh line across southern Chahar. This left central and northern Chahar free of Chinese troops, and virtually a Japanese protectorate. Northern Chahar is the country of the Silingol tribe of Mongols, Prince Teh's tribe.

The Japanese could have annexed this territory to "Manchukuo" at once, but they evidently had other plans. Instead, there came the movement for "Inner Mongolian autonomy," to include not only the Silingol Mongols of northern Chahar, but also the Mongols further west in Suiyuan, and even in Ninghsia. These more westerly Mongols were of course helpless, in a military way, against the Chinese, but the Chinese authorities were faced with the difficulty that if they refused the demand for autonomy under Chinese suzerainty, the Mongols of northern Chahar were likely to join "Manchukuo."

The Autonomous Government of Inner Mongolia was formally established on October 15, though of course able to function only in those Mongol areas where Chinese provincial authorities did not already function. Long protracted negotiations followed with Nanking, without result. In February, with the enthronement of Pu-Yi pending, and Mongol representatives at Peiping declaring their readiness to declare allegiance to the new Manchu Empire, a Silingol Mongol delegation went to Nanking with firm demands for an autonomous Inner Mongolia. The "Manchukuo Empire" was proclaimed on March 1, and March 5 it was made known that the Mongol demands had been agreed to by Nanking.

By this agreement an Autonomous Mongolian Political Affairs Council, composed of Mongols, was to govern Inner Mongolia. It was to maintain allegiance to Nanking, which would pay the Council's expenses of $50,000 per month. On April 23 the Council was inaugurated at Pailingmiao, Inner Mongolian territory which had been incorporated into Suiyuan. Since that time, however, it does not appear to have had its anticipated development. The Mongols claim that Nanking did not make the monthly remittances which had been promised. Neither, they declared, did Nanking send any arms for the defense of this area recognizing Chinese sovereignty. As for the Mongols of southern and southwestern Suiyuan, and further west in Ninghsia, these seem to have continued under the rule of the Chinese provincial authorities. In other words, the Mongols had obtained neither the wide areas they expected to get under their control, nor the cash consideration which might have reconciled their fervent patriotism to the blow.

By the end of August things were reaching a crisis, with Prince Teh in open negotiations with Japanese in his district. Hsiao Cheng-ying, a member of the Chahar Administrative Council, came to Peiping to report the seriousness of the situation. He had conferred with Prince Teh for two days, and had been informed that Mongol loyalty was dependent upon the Central Government having a "definite policy," and taking "appropriate measures to help Inner Mongolia."

Khukhu Bator (Chinese name Han Feng-lin), the Mongolian Council's Chief of Staff, a Japanese returned student (graduate of the Japanese Military Academy) and a leader in the Mongolian autonomy movement, came to Peiping on September 3, and two days later was kidnapped from his home by men claiming to be from the Third Regiment of Special Gendarmes. Nothing whatever was heard of him until October 15, when the *Rengo* Japanese news agency reported that he had been "executed by Chinese authorities on suspicion of having been a Japanese spy."

Long before this report was received, Prince Teh had acted. The Mongol delegation returned from Peiping not only with its demands unsatisfied, but with the news of this kidnapping as well. The action followed was the holding up of Chinese Government salt carts passing through territory under Mongol control, and the levying of taxes upon the commodity, ignoring the protests of Chinese officials. This emphatic assertion of independence was followed by a gathering of the Mongolian Council at Pailingmiao—the second plenary session of this body.

What it decided is unknown, but General Ho Ying-chin himself now made a trip to Changpeh, on the border of Mongol territory in Charhar, and to Kweihwa in Suiyuan, and spoke with Prince Teh. Following this, General Ho made his trip south, reporting to General Chiang Kai-shek. In the meantime, the Panchen Lama had been staying in Suiyuan, evidently doing his best to fix up things, and it was reported that Prince Teh was building a temple for the religious leader in western "Autonomous Inner Mongolia." Finally, General Chiang has not only gone north, but has made a trip to Ninghsia province itself. He has already pledged the National Government to "do everything in its power to foster Mongolian self-government."

Things are definitely reaching a crisis. The logical sequence of Prince Teh's recent actions will be the establishment of customs stations along the frontier of such territory as is actually in Mongol hands. If any attempt is made to press the Mongols too hard, they can turn to their Japanese friends, and if necessary go over to "Manchukuo" altogether. This is today a possibility.

Canton Merchants Oppose Establishment of Customs House at Kowloon

At the regular meeting of the foreign trade committee of the Canton Chamber of Commerce, last week, it was decided that further efforts should be made to oppose the establishment of a customs house at Kowloon on the ground that this would be detrimental to Canton trade.

THE GIST OF JAPANESE PRESS OPINION

Judging from the existing conditions in Manchukuo, it may be more practical to depend, for the present, on the military for maintenance of order.—*Tokyo Nichi Nichi.*

The Government has decided to enforce the revised administrative system in Manchuria as first planned. This is inevitable since the system is only for the present transitory stage of development.—*Tokyo Asahi.*

The Cabinet has decided to uphold its first plan of reform in Manchuria. This is unavoidable, generous as the Premier is. If the military are despotic, it is not their despotism, but the general decline of discipline that is to blame. It is not by "smiling," however good as a virtue, that a nation can be saved.—*Tokyo Kokumin.*

The question of Japanese administrative reorganization in Manchuria is becoming serious due to demonstrative opposition from the general officials of the Kwantung Civil Administration. Surely the Government must now cut the Gordian knot at all costs, since what has been settled by the Cabinet is as a rule unalterable.—*Tokyo Asahi.*

Nothing can be more unsightly and in fact suicidal for the Ministry than its internal dissension as exposed in the present case of the administrative reform in Manchuria.—*Tokyo Yomiuri.*

Whatever the reasons may be, it is against the official discipline that police officers engage in a demonstrative movement against the Government policy in disregard of their own superiors. This spirit is apparent among lower officials of late, and must be suppressed.—*Tokyo Asahi.*

The trouble over the administrative reform problem in Manchuria reveals inadequacy of the Premier's power and insufficiency of control over the administrative organs in Manchuria. This is the cost of imprudence, which threatens danger unless the exposure campaign of the disputing parties is stopped at once.—*Tokyo Miyako.*

Where there ought to be as perfect cooperation as possible, there is the sharpest possible internal dissension. If the present trouble over the administrative reform in Manchuria is as it is reported, the Premier should be held responsible for this since he has direct control over affairs of the Overseas Office. —*Osaka Mainichi.*

The apparent self-awakening of China to depend upon herself is indeed a satisfactory sign. The alleged remark of General Chiang Kai-shek, that China's attempt to recover Manchuria would be only suicidal, is a departure from the Chinese policy of which Japan should take advantage.—*Tokyo Kokumin.*

The recently issued military pamphlet attributes unequal distribution of wealth and inconsistency or individual interest in State welfare to the inadequacy of State economic control. The theory might be correct, but the Military must realize that economic control without personnel rights would prove worse. —*Tokyo Yomiuri.*

The trouble with the proposed reform of the Japanese administrative systems in Manchukuo cannot but arouse suspicion in the people's minds as to whether the administrative organs there have ever been in real cooperation.—*Tokyo Miyako.*

Japan should not fear the possible failure of the disarmament parley. But this should not prevent Japan's endeavors to make the rationality of her disarmament policy duly understood. And for this it will be essential for her to seek political understanding through diplomacy.—*Tokyo Asahi.*

It is unwise and undiplomatic to be pessimistic about the present and future of American-Japanese relations; there is no issue between them that defies diplomatic solution. And the shortcut to better mutual understanding is America's recognition of Japan as the only stabilizing influence in the Orient. —*Tokyo Chugai.*

Whatever the Finance Office policy, the issuance of a huge volume of red figure loans next year is inevitable. While this may be unavoidable to some extent under the prevailing national circumstances, yet its unfavorable effect upon popular economy must not be ignored. Something should thus be done to limit such loans.—*Tokyo Kokumin.*

Should the London naval parley end in failure notwithstanding the optimistic views of the naval authorities here, there is a possibility of an armament race which will further overcast the Pacific horizon. Japan must exert every means to assume a successful conference.—*Tokyo Miyako.*

Prominent Tokyo Journal Says China's Policy Is Changing

[The following editorial appeared in the Tokyo "Kokumin" Oct. 12. It is reproduced as a matter of interest. Publication here is by no means to be taken as indicating approval of the opinions expressed therein.—Ed. C. W. R.]

Close observers of the Chinese scene will not fail to notice that a change is coming over officials of the Nanking Government and a part of the Chinese people. This change is in the direction of self-help in internal and external matters, the Chinese apparently having coming to realize the futility of relying on help from others. Not only China, but Japan, its closest neighbor, is to be congratulated on this contrast with the situation of a few years ago, when Chinese feeling against Japan became very tense because of the Manchurian incident, inducing reliance on other Powers to check Japan's political activities. Such leaders as T. V. Soong and Dr. W. W. Yen, who are pro-American and pro-European, did all they could to hamper Japan, inviting to China Dr. Ludwig Rajchmann, director of the health bureau of the League of Nations concluding with the United States the wheat and cotton loan, recklessly importing airplanes and munitions from Europe and the United States, and offering various concessions for the opening of airlines.

All of these measures, the result of China's policy of of setting one foreign country against another, have proved failures. It was because of the failure of the wheat and cotton loan that Dr. Soong had to resign as Finance Minister. The buying of airplanes and munitions benefitted only the foreign sellers, and no foreign power offered positive assistance. The attempt to win the support of the League by employing Dr. Rajchmann did no good. In fact, the League has virtually excommunicated China by refusing to it a further term in the League Council. As soon as the loss of its seat was learned, the Nanking Government issued a statement saying that the League had degenerated into a purely European organization, ignoring the spirit of its 1922 resolution. The statement came too late, but China had learned that it could not reply on the League. As Huang Fu, chairman of the Peiping Political Council, has declared, China's reliance on other Powers is a delusion which must be replaced by self-help. Further evidence of the change in the policy of the Nanking Government is visible in general Chiang Kai-shek's view, expressed recently, that efforts to regain lost territory at this moment would be suicidal.

China's abandonment of reliance on other powers and its realization that it must help itself do not necessarily mean, that a pro-Japanese policy is being espoused. There may be no improvement in Sino-Japanese relations for the time being. We wonder whether the Chinese will be able to accomplish much by themselves, their failure to do so with foreign assistance being remembered. Both General Chiang and Mr. Huang, who is regarded as a pro-Japanese statesman, realize that relations with Japan must be adjusted, but it must not be forgotten that the Nanking Goverment is committed not to recognize Manchukuo. The effect of domestic circumstances on the Government must also be taken into consideration. Japan must watch developments closely for the present and take whatever steps are necessary.

Szechuan, A Second Kiangsi?

BY C. Y. HSIEH (謝志秬)

IT is cruel reality that just as the communist suppression campaign in Kiangsi has been brought nearer than ever before to a successful conclusion, news from Szechuan has begun to tell of another Red stronghold in the making. A perusal of recent news reports from central and west China brings out the following facts in bold relief. First of all, the provincial armies of Szechuan have suffered such heavy reverses at the hands of the Reds that without outside reinforcements they will not be able to recover the ground they have lost and may be in danger of losing more. Secondly, it has been the unmistakable intention of Hsiao Keh and Ho Lung, both in command of some crack units of the communist army, to join hands with each other. Should this occur, which according to some sources has already come to pass, the menace in Szechuan would have assumed the proportions of a national problem. And, lastly, the visit of General Chiang Kai-shek to the central and northwestern provinces is in part at least an open avowal by the Government authorities of their deep concern over the new developments.

During the past year the brunt of the battles against the communists in Szechuan has been borne by the Twenty-first Army under General Liu Hsiang. Lack of co-operation between this and other provincial forces was mostly responsible for General Liu's heavy losses, and it became apparent that it would be very difficult for his army even to hold its own, not to speak of counter-attacks. Accordingly, early in the summer a military conference was called in Chengtu at which it was decided to organize a Field Commission of Military Operations, composed of representatives of the chief provincial armies and headed by Liu Chung-yun, General Liu Hsiang's principal henchman. The campaign thus agreed upon was generally taken to mean a final throw on the part of the provincial generals. For, quite irrespective of the issue of arms in northern and western Szechuan where it was highly doubtful whether the troops under Generals Tien Sung-yao, Teng Hsi-hou, Li Chia-yu and Lo Cheh-chou could check the advance of one of Hsu Hsiang-chien's units towards Chengtu, the drive on Wanhsien and Chungking by the other unit of Hsu's men was a serious strategic threat. Once the latter two key cities were in the hands of the Reds, it would be only a matter of time when all the provincial armies west of Chungking would collapse, because the supplies of arms and ammunitions that outside sources might rush to them could not reach them any more.

Many Districts Under Communist Sway

Unfortunately by September the worst that had been dreaded seemed all but completely enacted. Hsu Hsiang-chien's forces in northern part of Szechuan had started an offensive with the result that cities and towns taken last year by the Government army had been recaptured by them. Among the districts now definitely under communist sway are the following:—Pachow, Kaichung, Haihsien, Tung-lan-hah, Wangyuan and Ngen-vang-ho, The Paoning sector was being seriously threatened and the Reds were reported to be across the river from Paoning. Even the fall of Chengtu had more than once been rumored, and Chungking had been plunged into a state of panic and uncertainty which was only terminated by the return of General Liu Hsiang to that city toward the end of September.

It is clear that the generals of Szechuan have had their hands full in dealing with the communists under Hsu Hsiang-chien alone. The disquieting thing is that they may have to face a new menace in the possible union between the Reds under Hsiao Keh and those under Ho Lung. The latter have been roving along the Szechuan-Hupeh-Hunan borders, with more brult than harm perhaps, but the former have darted through southern Hunan and eastern Kweichow with great speed and energy and have sought to join and reinforce the stranded bands under Ho. In fact, Hsiao's sortie from southern Kiangsi and his subsequent campaign westward was a double-wedged stroke. On the one hand, he expected hot pursuit on the part of Government forces, thereby giving a temporary relief to the Reds in Kiangsi. On the other hand, he intended to form with other communist units another Red stronghold which may give a new lease of life to the Soviet regime in China, in case its capital in southern Kiangsi falls to the central forces, which is most likely. If this has been the plan of the communist leaders, there is no question that Szechuan would be their first choice, considering its comparative wealth (despite the relentless squeezes by the militarists) and its strategic position on the headwaters of the Yangtze and as key to China's northwest and southwest. When one links the possibility of a Sovietized Szechuan with the consideration of the immense difficulties which have beset the Government's campaign against the Reds in southern Kiangsi—a region far inferior to Szechuan in resources and geographical potentiality—one cannot but view the trend of events in Szechuan with alarm and anxiety.

It is gratifying to note, however, that the Central Authorities have been alive to the new challenge. The tour of the Generalissimo to Hankow, and then Loyang, Sian, Lanchow and Ninghsia indicates that he meant to cope with the untenable situation before it may be too late. If he could succeed in forming a "cordon sanitarire" around the Red areas in Szechuan with armies in Hupeh, Shensi, Kansu and Ninghsia Provinces on their guard to prevent further irruptions and eruptions of Red elements, he would have achieved the first step in solving the Szechuan problem. This advantage, however, he should follow up soon enough with a punitive expedition to Szechuan.

The necessity of such an expedition is indisputable. General Liu Hsiang has been given chance after chance to prove his metal, but he was invariably found unequal to his trust. Even if he can now muster the support of all the self-seeking generals, the crisis in Szechuan has passed the stage where their unity might turn the table in their favor. A crack army of central forces under the command of one who is conversant with the Szechuan situation and at the same time acceptable to the Szechuanese would inject new blood into the decrepit province with which to fight the communist peril. With these qualifications two of General Chiang's lieutenants are eminently favored, namely Generals Ho Cheng-chun and Chang Chun, both in Hupeh at present. The former is a close friend of General Liu Hsiang, while the latter is a noted authority on Szechuan among the military men. Both, again, have tact and experience in handling difficult situations to commend them. With either at the head of an expedition into Szechuan, there is a good prospect of an early liquidation of the troubleous state of things in that province.

Peiping, October 21, 1934.

Peiping's Surtax on Restaurants to Be Farmed Out

For the purpose of making up part of the loss arising from the abolition of the various irregular and miscellaneous taxes in Peiping, the Bureau of Finance of the Peiping Municipal Government has decided to collect an entertainment surtax on local restaurants beginning November 1. The collection of the surtax will be farmed out to a local merchant or any one who can guarantee a sum of $130,000 a year. Bids for the privilege of handling the collection of the surtax were invited from the public some time ago, but owing to the strict conditions of the competition, only one man entered, his bid being $130,200 a year. The authorities have not yet decided whether to accept the bid or to invite fresh bids. Meanwhile, restaurant owners are raising opposition.

Chiang Spokesman Gives "Lie" to Tsai Ting-Kai Allegations

A long statement was issued by a spokesman for Gen. Chiang Kai-shek in Hankow Oct. 22 emphatically denying allegations made in the United States by Gen. Tsai Ting-kai that he was not "supported" by Chiang. On the contrary, it is averred that General Chiang did his best to support the fight against the Japanese, but Tsai complicated matters by disobeying orders, not only commencing operations prematurely, but later withdrawing without notice and leaving Chiang's men in the lurch. The full statement will be printed in "The Review" next week.

New Federal Taxes Expected in America as Receipts Slump

New Federal tax burdens upon the American people are foreseen as a result of the decline in Federal tax receipts during the first three-and-a-half months of the fiscal year. Receipts were nearly U.S.$10,000,000 below budget expectations.

Veterans vs. Citizens

A recent assertion made by President Roosevelt that the average Great War veteran is better off than the average citizen was denied by Commander Haves, of the American Legion, Oct 20. The Legion head declared that the veterans were generally in a worse condition because the war interrupted their careers and caused them to lose their earning power and priority rights in business and industry.

Voluntary Cotton Control Program

A voluntary cotton control program which will allow a 6,000,000 to 7,000,000 acre increase in 1935 plantings announced by Henry Wallace, Secretary of Agriculture.

Warning on Increased Tariffs

A clear warning that the United States will refuse to continue commercial negotiations with any nation which raises its tariffs just before entering into a reciprocal trade agreement with the American government was sounded by Secretary of State Cordell Hull in a statement Oct 17.

Prohibition Chief Says Repeal Has Brought Increased Evils

Commenting on the first year of prohibition repeal, Francis Scott McBride, superintendent of the Anti-Saloon League, today declared that the United States has again slipped far down the temperance trail. Segregated vice has grown by leaps and bounds as an accompaniment of the return of legal liquor, Mr. McBride asserted, while more minors are drinking than ever before.

General Chiang Completes Inspection Tour in Northwest; Fresh Japanese Troops Arrive at Kupeikow

High Light in the Events of the week:

1. **General Chiang and Dr. Wang Plan Meeting at Peiping.**
2. **Northern Units Shifted South to Aid in Anti-Red Drive.**
3. **Drastic Political Shake-up in North, Japanese Predict.**
4. **Panchen Lama to Leave for Chinghai Next Spring.**
5. **Canton Strengthens Border defence and Expands Air Force.**
6. **Quorum for 5th National Party Congres Assured.**
7. **Finance Minster H. H. Kung to Visit Hopei and Shansi.**
8. **China Spends Millions on Imported Perfumes.**

Completing a 10-day inspection tour in Shensi, Kansu, and Ninghsia, Gen. Chiang Kai-shek and his party left Sian Oct. 21 by train and arrived at Loyang in the morning of the following day. They were given a cordial farewell by a huge crowd when the train departed from the railway station at Sian.

The Generalissimo and Marshal Chang Hsueh-liang both attended the Sun Yat-sen weekly memorial service at Loyang, where Gen. Chiang delivered the principal address. He stressed the importance of the army becoming a model of behaviour for citizens and taking the lead in developing the New Life Movement in the country. He further urged them to establish a reputation for simplicity, cleanliness, manliness, honesty, and helpfulness.

In his address the Young Marshal emphasized the importance of obedience to the orders of superiors and pointed out that if each officer and soldier personally complied with this principle all would be doing it.

After the service the Generalissimo and Madame Chiang left by train for Kaifeng, where they arrived Oct. 23, while Marshal Chang Hsueh-liang left by air for Hankow, where he arrived at 5 p.m.

Tour in Lanchow

A message from Lanchow states that the tour of inspection carried out by Gen. Chiang Kai-shek was a very thorough one. Not only did he familiarize himself with the country but he established personal contacts with a great number of people in various walks of life, official and civil. He took advantage of every opportunity to impress upon all to whom he spoke the vital necessity of unity, cooperation and loyalty to put China upon her feet. In this he was ably supported by Madame Chiang Kai-shek and Marshal Chang Hsueh-liang.

This tour resolved itself into a missionary effort to preach the gospel of a better China. All three were pleased by the enthusiasm that their tour produced among military, civil and commercial people.

In the belief that China's future depends on her youth the visitors did not neglect the younger generation. Boy Scouts added their bit to the welcome accorded the Generalissimo. In Sian 3,000 of them took part and at Loyang and Lanchow hundreds have turned out to see Gen. Chiang's party.

Gen. Chiang evinced great interest in the railway which is slowly but surely being driven out to Sianfu. It is expected that this extension of the Lunghai will be ready for operation by the New Year. The embankments and road bed are practically complete all the way and bridge abutments and piers are up and the laying of the "decking" of the bridges should not take long.

Progress on Highway

The Generalissimo expressed great pleasure at the fact that the great highway from Sianfu to Lanchow is well forward and at many points he flew low better to observe the course of construction of this road. This road is being built under the auspicies of tee National Economic Council. The engineers are having a hard job binding the loose soil into a roadway but good progress is being made.

Madame Chiang expressed her great concern at the havoc wrought by the last famine. She was told that it would not have been so bad but for the last visitations of Gen. Feng Yu-hsiang. After his troops had depleted the granaries established to tide over bad years and after they had taken all four footed things in sight, the farmers had nothing to fall back upon when the drought produced famine.

Gen. Chiang's party travelled by train to the railhead near Sian and then motored over the new provincial highway to Sianfu. From Sian the party then flew to Lanchow. They found the cotton croup good but the grain crops are bad this summer.

The flying party described to their welcomers the flight over the loess country, scarred by the erosion of storm water, then over snow clad mountains suddenly to come upon Lanchow, set like a gem in a green valley through which runs the Yellow River.

Magnificent Architecture

The Generalissimo and his party took the greatest interest in the cultural features of Lanchow. There are more Tang dynasty relics than in any other place in China perhaps. The party walked along the ancient city wall which for centuries has withstood the attack of the waters of "China's Sorrow." Gen. Chiang was amazed at the wonderful old architecture to be seen from this wall top.

While there the party stayed in a beautiful old Ming palace which ordinarily is the residence of the Governor. The visitors were rather astonished to find electric light in the palace, for Lanchow has its own electric light works.

The Generalissimo inspected the old steel bridge which spans the Yellow River there. It was built in 1907, each part being hauled from the rail head to far distant Lanchow on carts. The bridge is as good to-day as when it was built. All the visitors expressed their great pleasure at what they found in Lanchow. It is probable that the Generalissimo may go as far east as Peking before returning southwards.

During his visit to Lanchow, General Chiang received General Ma Lin, Mohammedan Chairman of Chinghai (Kokonor), and his son, General Ma Pu-ching. While at Ninghsia City, he conferred with General Ma Hung-kwei, Chairman of Ninghsia and other Mohammedan Commanders on the various problems in the Northwest.

Wang, Chiang Plan Meeting In Peiping

Dr. Wang Chung-hui, Judge of The Hague Court of International Justice, arrived at Nanking from Shanghai afternoon Oct. 23 and called on Wang Ching-wei, President of the Executive Yuan. Important issues with regard to a rapprochement between the Southwest and the Central Government in Nanking were discussed. He is on his way to meet General Chiang Kai-shek in Peiping.

Northern Troops Shifted South to Aid in Anti-Red Drive

Two Northern Divisions have been assigned by the Nanchang Military Headquarters to assist in the operation against the remnant "Red" outlaws in the province of Kiangsi. The 74th Shantung Division under Lieut.-General Li Han-chang, attached to the 3rd Route Army under General Han Fu-chu (concurrently chairman of the Shantung Provnicial Government), has already reached its designated posts in Kiangsi. The 72nd Shansi Division under Lieut.-General Li Sheng-ta, subordinate of General Yen Hsi-shan, director of the Taiyuan Pacification Headquarters, is now being transported southwards. Much significance is attached to the transfer of the two divisions southwards as it indicates the strong support of General Han Fu-chu and Yen Hsi-shan for the government's bandit-suppression campaign.

An official telegram from the Commander-in-Chief's Headquarters of the Eastern Route Bandit-suppression Forces reports that a total of 50,000 "Reds" has concentrated near

Juikin, Kucheng and Hweichang, in south-eastern Kiangsi. Owing to the pressure of the Northern and Eastern Route Forces, the "Reds" are attempting to break through the cordon thrown by the Government troops and escape to Hupeh and Szechwan via western Kiangsi. The message, however, gives assurances that such a move cannot be successful in view of the well-nigh impenetrable defences erected by the Government forces. The remnant outlaws at Changting, "Red" stronghold in western Fukien, realizing the impossibility of stemming the advance of the Government troops are now in a panic. The occupation of the city by the Government units is a foregone conclusion.

Rehabilitation measures for Shihcheng, in south-eastern Kiangsi, newly recovered from he "Reds," have been formulated by the Kiangsi Provincial Government. The measures provide for strict discipline among the garrison troops so as to pacify the minds of the inhabitants. Expenses for the accommodation of the refugees will be borne by the Provincial Government, no funds to be raised from the local district government. The dispensing of urgent relief to the refugees will be undertaken by the Kiangsi Provincial Relief Committee.

A band of 3,000 communists who fled westward from Taihu in Anhui have arrived at Yinshan, Hoshan and Lihuang on the Anhui-Hupeh border. They are building up a new base in the mountainous region along the border. The provincial authorities of both Anhui and Hupeh have sent troops to suppress them.

With the capture of Chou Tze-mou, commander of the communist-bandits on the Kiangsi-Hupeh border, the bandits have been scattered while half have surrendered to the Government forces. The officers in the Red forces have all surrendered, thereby spelling the complete extermination of Red menace on the Hupeh-Kiangsi border.

The "Reds" under Hsiao Ko have now been reduced from six to three regiments, which now total about 3,000 men. During a recent battle with the Hunan troops, more than a 1,000 rifles have been seized by the Hunan forces. The remnant outlaws are hiding in the hilly regions of Shihtsien, eastern Kweichow.

General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, arrived at Hankow from Tientsin Oct. 16. He will proceed to the Capital to report to the Central authorities on the rehabilitation work now being carried out in the "demilitarized zone" after meeting General Chang Hsueh-liang there. In an interview, General Yu stated that since the return to Peiping of General Huang Fu, much progress has been made in the negotiations with the Japanese. A "Demilitarized Zone" Readjustment Committee will be created to attend to the rehabilitation work. Peace and order in the different districts of the "demilitarized zone" are being maintained by the peace preservation corps.

General Liu Hsiang Resumes His Duties

General Liu Hsiang issued Oct. 21 a circular telegram announcing his resumption of duties as Commander-in-Chief of the Szechuan Bandit-suppression Forces and concurrently Rehabilitation Commissioner for Szechuan. During the past two days, General Liu had been holding conferences with the various ranking Szechuan commanders concerning a new program for the suppression of the "Red" marauders in northern Szechuan. Besides re-apportioning the duties of the various armies, he declared that he will enforce strict military discipline and deal severely with those units which retreat without orders. General Liu said that he will return to Chungking, eastern Szechuan, after the completion of the necessary preparations and will make a trip eastwards to see General Chiang Kai-shek, President of the Military Affairs Commission.

With General Chiang Kai-shek's arrival in Kansu and General Liu Hsiang's decision to resume his duties, the anti-Red campaign in Szechuen has reached a decisive stage. Most of the important military commanders in the province are gathering at Chengtu, where they are awaiting orders from General Liu Hsiang who is, in turn, awaiting instructions from the Generalissimo. A general offensive against the Reds on all fronts is expected as soon as the necessary preparations have been completed.

As a result of continued warfare in northern Szechuen, the number of war refugees has reached 400,000 persons. These refugees are left entirely without means of subsistance, their homes and property having been completely destroyed. These people are now gathering in the districts between Pachung and Nankiang and are waiting relief from the authorities. The Szechuen provincial authorities are raising funds for relief.

In view of the Communist menace on the provincial border, the Kwangsi military authorities have started a recruiting of 7,000 men within a week's time. The Wuchow authorities have ruled that 20 men from each street there must be impressed into service. This has caused a general exodus from Wuchow, as no one wants to run the risk of being impressed.

General Wang Chia-lieh, Chairman of Kweichow and concurrently Commander of the 25th Army, states in a telegram to Nanking that the "Reds" under Hsiao Ko have been dispersed into several bands after their defeat at Shihtsien, eastern Kweichow. Besides despatching his men in pursuit of the remnant outlaws. General Wang is remaining at Yuking to personally direct and supervise the operations against the marauders.

General Yu Kuo-tsai, Field-Commnader of the Kweichow Bandit-suppression Forces, announces that he is despatching his units northwards to assist in the eradication of the "Red" outlaws under Ho Lung in northern Kweichow.

In order to facilitate bandit-suppression, the Kweichow Provincial Government has issued an order requiring the completion of the Kweichow-Hunan-Szechuan Inter-Provincial Highway within six months.

Fresh Japanese Troops Arrive at Kupeikow

Reuter reported on Oct. 18 that a detachment of combined "Manchukuo" Japanese infantry and cavalry arrived outside Kupeikow from Chengteeh the previous day attempted to enter the pass, saying that they would assist the Chinese authorities in suppressing brigandage in the demilitarized zone. Hoh Chih, resident director of the office of the administrative inspector for the Miyun-Chihsien area at Kupeikow, immediately saw the commander of the troops and asked him to withdraw his troops. The Japanese and "Manchukuo" forces were eventually prevailed upon not to enter the pass, but it is stated that they are still assembled outside Kupeikow.

Yin Ju-keng, administrative inspector for the Miyun-Chihsien area, who is at present on a tour of inspection in the demilitarized zone, arrived in Yutien October 17 and left on the following day for Tientsin where he will make a report to General Yu Hsueh-chung, Chairman of Hopei.

Yin Tung, managing director of the Peiping-Liaoning Railway, said October 19 that the proposed Commission for the Reorganization of the War District would be inaugurated at the end of this month. Regulations governing the organization of this commission have already been drafted by the Peiping Political Council. The commission, he declared, would consist of from esven to nine members. Concerning the retrocession of Malanyu, Mr. Yin said that negotiations in this connection would be handled by the commission after its inauguratien.

The Peipinng-Mukden Railway Administration denied October 20 the report that the Chinese and the Japanese authorities are planning to conduct a through express service along the line as alleged in certain quarters.

Major-General Umetsu, Commander-in-Chief of the Japanese Garrison in North China, arrived in Peiping from Tientsin October 18 to inspect the Japanese Legation Guard there. He is leaving shortly for points along the Peiping-Mukden Railway to inspect Japanese troops.

Drastic Political Shake-Up Predicted in North

Rengo reported on October 20 that a drastic political shake-up in North China would take place as result of General Yu Hsueh-chung's secret trip to Hankow. General Yu, Chairman of Hopei, left Tientsin secretly on October 13, on receiving summons from Marshal Chang Hsueh-liang, his former commander. It is believed that he will be persuaded to resign his post by Marshal Chang, who it is understood, has already reached an understanding with General Chiang Kai-shek on this subject. General Yu's transfer

is believed to be caused by the opposition to his continuance in office by various influential political groups. In case of his resignation, he will take with him his troops out of North China.

In order to purge the city of undesirable elements, the Bureau of Public Safety at Peiping has started daily searches on pedestrians; this will be continued for a week. A census will also be taken simultaneously. The Bureau has also formulated a set of measures for cooperation between the people and the police in the work of self-defence.

Cheng Hsi-keng, newly appointed Special Commissioner of Foreign Affairs for the provinces of Charhar, Hopei, Shansi and Suiyuan, assumed his duties October 22. Chin Chih, the incumbent Special Commissioner of Foreign Affairs has been recalled by the Ministry of Foreign Affairs.

General Feng Yu-hsiang, the retired North-Western leader, arrived at Tsinan October 17 from his retreat at Taishan, to attend the funeral of the late Ku Liang-yu, who was Commander of the Militia Forces in western Shantung and an old friend of General Feng. He returned to Taishan at 11 p.m. the following day by an armoured car, specially placed at his disposal by the Shantung Provincial Government. Interviewed, General Feng said that he had come to Tsinan entirely for the purpose of paying his last respects to his dead comrade, with whom he was intimate since the days when they were both serving as privates in the same company.

Agents of Liu Kwei-tang, the former bandit leader, are active in Shantung. His chief agent, Feng Ssu, who had been secretly recruiting old followers of Liu Kwei-tang, was arrested by the military authorities at Tsinan. He will be executed.

Admiral Shen Hung-lieh, the mayor of Tsingtao, October 20 opened the first graving dock north of the Yangtsze before a brillian assembly of representatives the Chinese government officials, foreign consuls, local organs and merchants. Foreign naval powers were represented by Great Britain, Japan and France. Captain Bell Davis, the senior naval officer, delivered a fine address following the consular speeches.

Mongolian Political Council To Call General Meeting

The Mongolian Autonomy Political Council will call a general meeting of its members in the middle of November to discuss measures for the improvement of local administration in Inner Mongolia. Prince Yun, Chairman of the Council, has agreed to withdraw his resignation as a result of the persuasion of the Government.

Panchen Lama to Leave for Chinghai Next Spring

The Panchen Lama, "Living Buddha" of Tibet, will leave for Chinghai (Kokonor) next spring, according to information from the Mongolian Local Autonomy Political Affairs Committee. The Panchen Lama is now staying at the castle of Prince Ah-La-Tan-Chi-Erh, Vice-President of the Yeghe Jo (Ordos) League. Anchin Hutuketu, personal representative of the Panchen Lama, has left for India en route to Lhassa, capital of Tibet. Tingchi Hutuketu, representative of the Tibetan people, who came to the Capital recently to welcome the Panchen Lama back to Tibet, is now visiting Wutai, Shansi, before returning to Tibet.

General Huang Mu-sung, Special Commissioner to Tibet, has telegraphed to the Central authorities stating that he will not be able to return to the Capital this month as previously planned. He was now decided to leave Lhassa, capital of Tibet, two months later. At the request of General Huang, the Central Political Council has decided to instruct the Ministry of Finance to remit an additional sum of $13,000 to General Huang for expenses.

In view of the heavy rainfall in Suiyuan this year, which has undermined the bed of the Peiping-Suiyuan Railway and caused many mishaps last summer, the railway authorities have decided to build a new line so as to avoid the section between Pingtichuan and Huachiying. The work of changing the route will be started next Spring.

The approval of the Suiyuan provincial authorities for the extension of the Lanchow-Ninghsia air service to Paotouchen having been secured, the Eurasia Aviation Company is now building an air field at Paotouchen for passenger planes. The first test flight will be made as soon as the field is completed.

The Shensi authorities have submitted a petition to the Central Government urging further extension of the Lunghai Railway to Hsienyang in Shensi so as to connect with the highways in Shensi, Kannsu, Chinghai and Sinkiang, saying that the expense will only be an additional $5,000,000.

Work on the construction of the road-bed of the Lanchow-Tsinchow (Tienshui) section of the projected Kansu-Szechuan Highway, in southern Kansu, has begun as the bridges are ready. Survey operations on the section between Tsinchow and Szechuan are also proceeding.

Special efforts are being made by the Lung-Hai Railway Administration to complete the TungKwan-Sian extension in eastern Shensi within this year. Train service on the extension is now being operated as far as Lengkow, 30 miles east of Sian. By order of General Chiang Kai-shek, the projected Sian-Lanchow (Kansu) Highway must also be open to traffic before the end of this year in order to provide better means of communications in the North-west.

To realize the plans for the early opening of an airway between Chungking, in south-eastern Szechuan, and Yunnanfu, provincial capital of Yunnan, the Ministry of Communications has remitted a sum of $50,000 to the China National Aviation Corporation towards initial expenses. In view of the mountains along the projected route, the Corporation has placed an order in the United States for the most up-to-date airplanes. Plans for refuelling and other facilities are also being made by the Corporation. The Yunnan Provincial Government has undertaken the construction of the aerodrome in Yunnan and the installation of radio facilities.

Canton Strengthens Border Defence

For the purpose of strengthening the defence against Communists, General Chen Chi-tang has ordered that fortifications be built along the Kwangtung-Hunan borders as soon as possible. He says that fortified positions must be built on the border line every two-thirds of a mile. Each position is to be manned by a company of soldiers equipped with machine and field guns. Wireless apparatus is to be installed at all strategic points. In addition General Chen has given orders for the establishment of twenty short-wave wireless stations along the Kwangtung-Fukien-Hunan border.

General Chen is also taking energetec steps to expand the Kwangtung air force. At present Canton has two air squadrons and additional aeroplanes have been purchased from abroad to organize another. General Chen recently purchased 40 machine guns and 5,000,000 rounds of ammunition for aeroplanes from Hongkong. These are now being distributed among the squadrons.

Police School To Be Opened In Canton

In order to have more competent police officers and policemen for the preservation of peace in the various districts, the Kwangtung Provincial Department for Civil Affairs has decided to establish a Police Officers Training Academy and a training school for policemen at Canton.

General Li Tsung-jen, after remaining in Canton for several months, returned to Kwangsi October 21. Before his departure he had a final meeting with Generals Chen Chi-tang, Li Yang-ching and Yu Han-mou. General Li was accompanied by his wife and his secretary on the return trip.

A test flight between Nanning (Kwangsi) and Kweichow was made October 18 preliminary to the establishment of a regular service between the two provinces.

The China National Aviation Corporation is now planning to establish a new air route between Shanghai and Yunnan via Kweichow. The Company has already ordered a few new passenger planes from the United States and the new air route will be inaugurated as soon as the new passenger planes arrive early next year.

Preparations for the operation of through passenger traffic between the Canton-Samshui and the Canton-Kowloon Railways have been completed by the two Railway Administrations. The service will be started next menth.

Hsiao Fo-chen Leaving For Burma Soon

In view of the increasing friendly relations between Nanking and Canton, Hsiao Fu-chen, a veteran Kuomintang statesman and one of the most bitter enemies of General Chiang Kai-shek, has decided to leave Canton and to return to his home in Burma. Mr. Hsiao returned to Canton several months ago for the special purpose of urging General

Chen Chi-tang to from an anti-Chiang bloc. This having failed the aged statesman decided to return to his home in foreign land.

Yang Tzu-i, former Mayor of Ningpo, is to be appointed District Magistrate of Chung-shan Hsien, the "model district" in Kwangtung, in succession to Tang Shao-yi, who has resigned.

Kwangtung's Protective Tariff Opposed

Opposition to the plan of the Kwangtung Provincial Department of Finance to impose a so-called "protective tax" on all products, including manufactures, imported from other provinces has been registered by the Shanghai City Chamber of Commerce, in a circular telegram to the Executive Yuan, the Ministry of Finance, and the Kwangtung Provincial Government.

Under orders of the Kwangtung Provincial Government the Finance Department has inaugurated a new tobacco tax known as the Cigarette Control Tax. The levy is 20 per cent ad valorem and the fund thus raised will be devoted to reconstruction work in the province.

Quorum for 5th Nationl Party Congress Assured

Preparations for the convocation ef the Fifth National Party Congress have been completed. With the exception of persons whose duties prevent them from attending the Congress, all C.E.C. members have telegraphed Nanking in time for the conference. A quorum is now assured.

As from November 5 till the Fifth National Party Congress closes, the Shanghai-Nanking and Shanghai-Hangchow Railways will be placed under special military and police protection as a precautionary measure. The police and railway guards will be authorised to search all suspicious looking persons, while special guards will protect all passenger trains on the two lines.

The promotion of General Liu Wen-tao, the incumbent Minister to Rome, as first Chinese Ambassador to Italy, was confirmed by the Central Political Council at its meeting October 16. The decision will be forwarded to the National Government. Formal appointment of General Liu as Ambassador will be announced by Mandate of the National Government simultaneously with the appointment of the Italian Ambassador to China.

General Liu Cheng-hua, Chairman of the Anhui Provincial Government, arrived at Shanghai from Anking October 19 to interview Dr. H. H. Kung, with whom he discussed financial matters pertaining to the province. General Liu said that Anhui was in serious financial difficulties and assistance from the Central Governmennt was absolutely necessary to tide over the crisis. He is trying to secure the approval of the Central Government for the flotation of a loan of $10,000,000 by the provincial government.

Finance Minister to Visit Shansi

According to information from official sources Dr. H. H. Kung, the Finance Minister, will leave Nanking for Taiyuan on October 28. He will remain in Shansi for a week and then return to Nanking. His contemplated trip is said to be connected with the establishment of a school at Taiku, Shansi.

To safeguard the interests of depositors, the Ministry of Finance, in an order to the Bureau of Social Affairs for Greater Shanghai, instructs that an investigation be conducted immediately into the business activities and capital reserves of all banks in Shanghai which are not yet registered with the Government. The Ministry has likewise instructed the Shanghai Bankers' Association to investigate the capital reserves of all member-banks. Those whose capital is found insufficient will be closed down by the Government.

Dr. Ma Yin-chu, member of the Legislative Yuan and well-know economist, in an interview, said that the so-called "savings societies" which offer big lottery premiums as prizes to attract the public, must be liquidated and closed down in this country in the not distant future. The bondholders, Dr. Ma said, need not fear any losses after the liquidation of the societies, for their interests will be safeguarded through legal means.

Double Tracking Planned

To improve the Peiping-Tientsin local express service, the Peiping-Mukden Railway Administration is considering the plan of laying double tracks along the line.

The Ministry of Railway is drawing up plans for construction of the proposed Szechuen-Hankow Railway. The line will be completed within three years. The cost of construction is estimated at $200,000,000.

Machines From England For Paper Factory

Orders for machinery of the paper factory in Chekiang have been placed in the hands of certain British concerns through the Ministry of Railways' resident representative in London.

The Kiangsu provincial government, in order to raise funds to meet urgent expenses, is approaching Chinese bankers in Shanghai for a new loan of $8,000,000, to be secured on the $15,000,000 worth of provincial bonds issued by the Provincial Government. The loan will be devoted to river conservancy work.

The Huai River Conservancy Commission has succeeded in borrowing an additional loan of $4,000,000 from the British Boxer Indemnity Commission to meet the conservancy expenses of the Commission. The loan contract is expected to be signed shortly.

China Spends Millions on Perfumes

According to information from the Foreign Trade Bureau, the import of radio sets during the past eight months amounted to 517,040 gold units or $3,034,092 and perfumes to $1,161,858, while dogs imported in the same period were valued at $292,992.

Air Insurance Policies Are Planned By Nanking

Preparations are being made by the China Natoinal Aviation Corporation for the issuance of insurance policies to its passengers against airplane accidents. The Ministry of Communications has already approved the suggested plan of the company and the actual issuance of such policies will be commenced as soon as the Legislative Yuan has fixed the maximum sum at which a policy will be redeemed in case of accidents.

The Military Staff College has decided to enroll 100 new cadets for its new Class. Applicants are to be restricted to senior officers from the various armies and divisions.

By order of the Ministry of Foreign Affairs, Chen Ming is appointed First Secretary of the Chinese Legation and concurrently Consul-General at Panama. Mr. Chen will accompany Shen Chin-ting, the newly appointed Minister to Panama, when the latter leaves to assume his duties.

Exile of Convicts Will not Be Included in New Criminal Code

The question of reviving the ancient exile system for desperate criminals was the subject of a heated debate at the meeting of the Legislative Yuan October 20. Chiao Yi-tang, argued that the dispatch criminals of the outlying territory of the country would help to develop that part of the land by means of convict labor. The opposition group which was successful, argued that this system of the old days could never be applied in a modern country further stating that if guarding is inefficient the convicts would create disturbanees in China's border provinces, which might complicate international relations, in view of the proximity of the country's outlying territory to foreign domain.

General Chiang Is Entering P. U. M. C. for Treatment of Stomach Trouble

General Chiang Kai-shek accompanied by Madame Chiang, arrived at Peiping afternoon of Oct. 24 from Kaifeng in his private Ford plane. A large gathering of Government officials, including General Huang Fu, Chairman of the Peiping Political Council, were present at the aviation field to great them. The general route from Nanyuan air field to the city was heavily guarded by troops and police. General and Madame Chiang are staying with General Huang Fu in a private house and the Generalissimo intends to enter the P.U.M.C. for treatment of his stomach trouble, which, however, is not serious. General Chiang last visited Peiping in 1929 but he came to Paotingfu in Spring last year.

General and Madame Chiang arrived at Tsinan at 11.30 a.m. on the same day by air. Upon landing at the airdrome there, the Generalissimo and Madame Chiang were met by General Han Fu-chu, Chairman of the Shantung Provincial government. They were entertained at lunch by General Han and after a conference with him, took off for Peiping.

A Few of China's Constitutional Problems

BY SUN FO*

BY order of the National Government, the Legislative Yuan drafts the constitution for the Republic of China. Since the completion of its first draft a year ago, the document has gone through five revisions, three of which have been published. We are grateful to those who have expressed their deep interest in the task and given us constructive criticism. The progress made in each revision indicates that the framers of the constitution are always glad to take into consideration, as much as possible, public opinion so expressed. In view of the heavy responsibility in drafting the constitution for China. I should like to avail myself of the opportunity to discuss with our people a few important problems which have arisen out of the making of the first constitutional draft.

1.—The Form of Government

When this problem was first brought up for discussion, it was decided to provide: "The Republic of China is a San Min Chu I Republic," that is a republic founded upon the Three Principles of the People. This has not been changed, although the draft has gone through five revisions. As some doubt and opposition have been entertained and voiced by our people regarding the meaning of this article, it is incumbent on me to explain this point.

Those who oppose this provision contend that:

(1) These Principles are subject to the change of time, while the form of the government is not. Therefore it is incompatible to qualify the form of government with these principles.

(2) These principles are only the principles of the Kuomintang. After promulgation of the constitution, it is not possible to force upon the people these principles; for such action would be contrary to the principle of "freedom of belief" as provided in the constitution.

(3) There are many interpretations of these Principles. If they are applied to qualify the form of Government, every interpretation of these Principles would give rise to a new interpretation of the constitution. Hence disputes over constitutional interpretation will rise from time to time.

(4) As these Principles are so flexible in character, they are like Bolshevism; it is therfore not proper for us to copy the Soviet constitution, which qualifies the form of government by party principle.

(5) We could easily incorporate in the articles of the constitution the spirit of these Principles without using them to qualify the form of government as party principles and the form of government are two different things.

The contenders have failed to realize the fact that the Chinese Republic is a product of the Revolution; and the constitution is a guarantee of the Revolutionary result. To designate China as a "San Min Chu I" Republic expresses her revolutionary spirit and indicates her republican origin. By aiming at racial equality within and universal fraternity abroad, China strives to be nationalistic not imperialistic. By providing people with the powers of election, recall, initiative and referendum, China strives to have a democratic, not merely a representative government. By equalization of land ownership, regulation of capital and development of national industries, China strives to obtain for her people economic equality and sufficiency, not to be capitalistic or communistic. The San Min Chu I Republic is founded upon these Principles. Their significance is unalterable. To designate China merely as a democracy or a republic is imcomplete, therefore can not be representative of her special characteristics. Those who contend that these principles are subject to change from time to time we should realize that when these Principles are changed the republic founded upon them would no longer remain; in that case the change will not be in the form of government but the whole constitution itself. If it is contended that these Principles are the principles of Kuomintang. Let us not forget that the Chinese Revolution as a product of these Principles. As citizens of the Chinese Republic we should not oppose these principles, on the pretext that they are only Principles of the Party. If political powers are given to those who oppose these principles, the revolution and this constitution will defeat their own objects, and our revolutionary history will be destroyed. Article 8 of the Fundamentals of National Reconstruction provides that the carrying out of our Revolutionary Principles is one of the conditions for the completion of the enforcement of local self-government in hsiens (districts). How could we oppose these Principles just at the beginning of the Constitutional Period?

If the contenders further argue that these Principles are subject to different interpretations, they should be reminded that the teachings of our Late Leader give the true interpretations of these Principles. There may be some people who, for selfish purpose, interpret these Principles in some different ways, to serve their own ends. The communists used to divide our party members into the Left and Right Camps, to quote that the "Min Sheng Chu I" (Principle of Livelihood) is just the same as communism and claim to prove the existence of the leftists by that quotation. But no one believes it today. Such mis-interpretations of our San Min Chu I can not stand.

We qualify our form of government with these Principles because they meet our needs today. We do not follow blindly the footsteps of others. Only a San Min Chu I Republic needs a San Min Chu I constitution; and if the constitution is drafted in accordance with the spirit of these Principles, it is natural that it should be so expressly stated in the first article of the constitution. If these Principles are to serve the needs of the people, why not let them be expressly provided in the constitution?

II.—The Rights and Freedom of the People

In almost every clause providing the guarantee of rights, it is provided that "except in accordance with law, such freedom shall not be restricted." Some have expressed the view that the constitution should make more concrete and explicit provisions, thus affording more direct protection to the rights and freedom of the people. There are, however, three points which we should keep in mind. First, strictly speaking, no government of law would give absolute rights to the people. The exercise of these rights is subject to some reasonable restriction. So our Late leader well put it when he said "only the State has freedom, not the individuals."

Secondly, law and the executive orders are two different things. Those who want the constitution to provide more direct protection to the rights of the people contend that laws have often trampled the rights of people under foot and make the constitution a scrap of paper. But it must be remembered that in the past the lack of protection of the rights of the people was not due so much to bad law, but rather to the illegal actions of the executive officials. After the promulgation of the constitution, law will be made by the will of the people. By exercising the rights of initiative and referendum, we need not be afraid of any harmful law. As to the illegal action of the executive officials, it should be suppressed by the rule of law. We need no further discussion here.

Thirdly, it is suggested to provide more detailed statement in the constitution for the protection of the rights of the people. The same problem was brought up for discussion when we were discussing the draft, but without any satisfaction. After careful consideration we realize that there is one great danger in having more detailed statement in the constitution. Once it is not provided in the constitution, there would be no way to protect such right of the people. For example: the Constitution provides to guarantee the secrecy of correspondence. It is suggested that the constitution should better provide that all persons shall have the right of secrecy of correspondence, and except "for being suspected in some criminal acts in the time when the court is conducting an examination or is making out judgement, such right shall not be restricted." But as we know, the school authorities and parents used to search the correspondence of the students or their children. Is this also a violation of the constitution? So, as a whole, the constitution could only provide some general principles for the protection of the rights of the people, leaving the laws to provide the details.

III.—Division of Powers

When we came to the provision for local system, some people advocated that powers delegated by the central government to the provinces, while other advocated the delegation of powers to the districts (Hsiens). As a matter of fact, there is not much difference between them. But the division of powers is different from the delegation of power to the local governments. By division it does not mean that the central government has given up part of its governing power to the local governments. It means that among the administration powers, certain ones should be exercised by the central government and certain ones should be exercised by the local governments. The line of demarcation lies on the nature of the power. The division is based on administrative expediency. It does not divide the governing power into two parts. Our Late Leader opposed federalism. He pointed out that such political system would give rise to the division of the country by the ruling parties. But the powers and the work of the government expends as the state and the people develop. It is impossible for the Central Government to attend to all local matters. Local self-government was therefore instituted.

Our Late Leader proposed to use the Hsien as a unit of self-government—a system which should be differentiated from the federal form of self-government. The power of the Hsiens should be expressly provided in the constitution, so that the provinces could not violate the provision at will, thus endangering the very foundation of the self-government.

*The author, the son of Dr. Sun Yat-sen, is now President of the Legislative Yuan, which is undertaking the drafting of the permanent constitution of China.

The problem of centralization or decentralization is really a difficult one to solve. The lack of power to control the affairs of the local governments and the lack of uniformity of law make federal states devise ways and means to centralize their powers. Under the Weimar Constitution, Germany adopted the federal system of Government. But since the coming into power of Herr Hitler, more powers are being centralized in the Reich government. At present the German Government is almost under a unitary system. In the United States, by the interpretations of federal powers given by the constitution, the federal government gradually obtained more powers. The same tendency is also found in the United States after the N. R. A. program is being put in effect. These indicate the fact that some countries have changed their system from decentralization to centralization of powers. On the other hand, modern democratic states usually delegate certain autonomous powers to local governments. Except in accordance with law, the central government does not interfere with local affairs. We do not adopt the federal system, because it would impair the unity of our nation. The reason for adopting the system of self-government is to protect the autonomous powers of the local governments. What we want is not to adopt the system of centralization or decentralization, but rather the system of division of powers.

IV.—Political and Government Powers

The theory of differentiation between political and governing powers was first discussed by our Late Leader. The former to be exercised by the people, while the latter by the government. In local affairs, the people could exercise their political powers by themselves. As to the national affairs, the people could only do so through their delegates in the People's Congress, which is somewhat of the same nature as the parliament in other countries. The powers of the People's Congress should not be limited to the exercises of the rights of election, recall, initiative and referendum. Most people argue that the People's Congress is of the same nature as an ordinary parliament, so in declaring war, or making treaties of peace, etc., the government must seek the approval of the Congress. The making of laws is also subject to the supervision of the convention. As the convention is not in session all the time, so a standing committee was proposed to be established to act on its behalf. Previous drafts of the constitution provided for a standing committee of the Congress. After careful consideration we realized that such system would be contradicatory to Dr. Sun's theory of division of the political and governing powers, and with such a committee the People's Congress would easily be mistaken for an ordinary parliament.

The exercise of political powers by the people is different from the exercise of powers by the parliament. Then the exercise of political powers by the delegates of the People's Congress should also be different from the exercise of powers by the parliament. The people do not exercise their political powers all the time. They do so only in the time of need. We certainly could not say that the suspension of the exercise of political powers should mean the suspension of the governing powers of the State as well. Without power, the government and the Yuans would be reduced to only administrative offices; for the Executive Yuan has to carry out the policy in accordance with the wish of the People's Congress, and the Legislative Yuan has to make laws in accordance with the wish of the Congress. In case the Congress is not in session, the standing committee, consisting of a few delegates, would dictate. The members of the committee will be in control of the governing powers of the State. So we must know that the political powers of the people should not be confused with the governing powers of the State, and the differentiation between them could be sought by studying the real meaning of the four political powers of the people.

V.—Presidential System vs. Cabinet System

The presidential system and the cabinet system have their respective advantages and disadvantages. Under the presidential system, the president is the real chief executive and exercises all executive powers of the government. He has the power to appoint and dismiss the members of the cabinet. The members of the cabinet are responsible to the president and not to the parliament. The president is responsible to the people and not to the parliament.

Under the cabinet system, the president is only a titular executive head. The real powers are exercised by the prime minister and the members of the cabinet. They are appointed by the parliament, and consequently they are responsible to it. They shall be removed from office as soon as the parliament passes a vote of non-confidence.

Under the Five-Power Constitution, besides the Legislative Yuan, there is the People's Congress, which represents the people and exercises the four political powers. The five Yuans of the government are all responsible to the People's Congress. The Executive Yuan is not responsible to the Legislative Yuan, but both of them are responsible to the People's Congress.

Under the Five-Power Constitution, there is one important problem. That is, whether the President should have the actual executive power. If the question is to be answered in the affirmative, the President should be concurrently the President of the Executive Yuan, or the President should have the power to appoint or dismiss the President of the Executive Yuan. In this case, it is more or less the Presidential system. But the President is responsible to the Congress, not to the Legislative Yuan nor directly to the people. If the President should not have the actual power, the President of the Executive Yuan should be elected and recalled by the People's Congress, and he should be directly responsible to the Congress. In such case, it is more or less the cabinet system. But as the President of the Executive Yuan has to serve a definite term, though the Congress could exercise the power of recall, it is somewhat different from the exercise of the vote of non-confidence in the parliament. Further, the Executive Yuan is not responsible to the President of the Republic, nor responsible to the Legislative Yuan.

So in drafting a constitution in accordance with the Five-Power system, we need not dwell so much on the advantages or disadvantages of these two systems. As to whether the President of the Republic should have actual power or not, from the teachings of our Late Leader, as well as our experience and the present situation, we come to the conclusion that the President should have actual power.

Nanking, October 10, 1934.

Heroin-Making Plant Unearthed in Shanghai

The manufacture of crude heroin on a scale larger than any which has yet come to the notice of the Shanghai Municipal Police was disclosed Oct. 8 as the result of investigation, by the police and expert analysts of the Health Department Startling discoveries were made following the extinguishing of a serious blaze in a three-storied house at 177 Avenue Road, on the night of October 10, when it was learned that the house though ostensibly used for a piece-goods business was, in realitys a base for the manufacture and distribution of crude heroin and other narcotics. Three arrests were made at the time, but the principals of the establishment are still at large.

Under circumstances somewhat similar to those which led to the discovery of the Avenue Road plant, another narcotic manufactory on a smaller scale was located in a lane off Wuting Road when an alarm of fire took the police and the Fire Brigade to a small Chinese house where, in the absence of inmates, a furnace had set the premises alight Police from Gordon Road station, upon examinlng the premises after the blaze, found considerable quantities of chemicals and apparatus used in the manufacture of "red" pills and other narcotics. Crude heroin in paste form was found in considerable quantities

The most interesting discovery, however, was that made at Avenue Road where the seizure of raw materials, chemical and heroin in various stage of preparation have convinced the authorities that the manufacture of crude heroin on a scale unprecedented for Shanghai, and been carried out on the premises for some considerable time. The fire had failed to destroy the extensive apparatus and the large quantities of materials used in the production of the drug.

In the upper floors of the building drying trays, filters, chemical funnels, huge carboys of liquid used in the production of heroin and large quantities of the finished crude product were located. Approximately 60 lbs. of crude heroin were found ready for packing and 12 bowls containing liquid with a heroin content of approximately one and-a-half pounds to each bowl were also located.

On the damaged premises at Wuting Road, electric motors, drums of alcohols and quantities of chemicals used in narcotic manufacture were found—also a quantity of heroin in the form of paste.

Balloon-Piercer

(*From the Shanghai Evening Post, Oct. 20*)

Out of the mouths of babes has come very little of the sapience we have heard so much advertised; but once in a while we run across something pretty good in a book.

For example, William Martin in his "Understand the Chinese" remarks that the explanation of the Japanese aggression in Manchuria on September 18, 1931, "lay not in the existence of chaos but in the prospect that it might be approaching its end," when in the face of a unified China, Manchuria "would be out of their reach for all time."

There stands a thin, sharp spear which pierces nearly and completely the whole gasstuffed balloon of pretense that the admitted past chaos in Manchuria was really the reason Japan's military machine moved when it did.

Gandhi's Enemies Get His Goat

A group of Indian Socialists in Bombay, after having stolen the famous she-goat of Mahatma Gandhi, last week, dressed it up in the garment of its owner, then put on its muzzle a pair of spectacles resembling those of the Mahatma. This being completed, the Socialists placed a spinning-wheel on the animal's back and led it solemnly round the city with an escort bearing placards containing inscriptions mocking his economic theories.

Bombay, Oct. 23.—M. K. Gandhi, Indian Nationalist leader, announced his decision to retire from the leadership of the Indian Congress and to relinquish ordinary membership.

Bank Closures in Shanghai Reveal Serious Economic Situation in China

BY C. Y. W. MENG (孟 昭 泳)

DURING the past few months two Chinese banks in Shanghai, namely, the Woo Hwa Bank and Shingyeh (Chinese Industrial Bank) have closed their doors. These failures are particularly serious for the reason that these Shanghai banks usually have close connections with the so-called native banks in the interior of China. It is inevitable that if the banks in Shanghai close their doors it will mean the simultaneous closing and liquidation of the native banks.

The National Government is very strict in exercising supervision over the banks which have been duly registered with the Ministry of Finance; but not so with those which have not registered. The Shing Yeh Bank, which came into existence about 10 years ago and which has just closed its doors, has never been registered with the Ministry of Finance, and the Ministry has never taken steps to suppress such banks which have failed to register themselves with the Ministry.

The opening of a bank in China is a very simple matter. All that is necessary is to invite some famous men in the industrial and commercial realm to be members of the Board of Directors or the Board of Supervisors, and advertise them in the newspapers to win the confidence of the public. As a matter of fact, these members of the Board never take any interest in the undertaking; they never assume any responsibility at all. In view of the fact that the Law Governing the Savings Banks which has just been promulgated by the National Government expressly provides that the directors of the banks should assume "full and unlimited" responsibility for the banks, we wish to remind the Ministry of Finance that such provision should be rigidly enforced, and that the directors of the banks should be made responsible for the bank's failure.

Over-Development of Banking Enterprises and Rapid Increase in the Number of Banks

The following table gives details of the opening and closing of banks in China since 1896.

Years	*Number of Banks Opened*	*Number of Banks Closed*	*Number of banks whose history is not clear*	*Number of banks now existing*
1896	1	0	0	1
1902	1	1	0	0
1906	3	3	0	0
1907	2	0	0	2
1908	5	3	0	2
1909	1	1	0	0
1910	1	0	0	0
1911	3	2	0	1
1912	14	10	0	4
1913	2	1	0	1
1914	3	1	0	2
1915	7	3	1	3
1916	4	3	0	1
1917	10	9	0	1
1918	11	6	0	5
1919	15	8	0	7
1920	16	12	0	4
1921	29	15	0	14
1922	25	15	0	10
1923	25	17	0	8
1924	7	5	0	2
1925	8	6	0	2
1926	7	7	0	0
1927	2	1	0	1
1928	16	2	0	14
1929	11	1	0	10
1930	15	2	0	13
1931	11	3	0	8
1932	12	1	0	11
1933	11	0	1	10
1934 (*From Jan. to June*)	7	0	0	7
Date Unknown	49	24	24	1
Total	334	162	26	146

(*From the Bankers' Year Book*, 1934, *P.A.2*)

That is to say, from the above it will be seen that during the years 1921-22, 50 banks came into existence; and since 1928, 80 more have been established, thus making a total of 146 banks now in existence.

Accumulation of Capital in Shanghai and Other Commercial Ports

These 146 banks, together with their many branches are nearly all situated in Shanghai, Hankow, Tientsin, Peiping, Canton, etc., as the following table will show:

Name of Places	*Percentage of No. of banks Head Offices*	*Percentage of No. of banks Branch Offices*	*Percentage of No. of banks in relation to Population*	*Percentage of No. of banks in relation to area*
The Municipalities of Shanghai, Hankow, Peiping, Tientsin, Nanking, Canton Hangchow, Chungking, and Tsingtao	65%	30%	2%	1%
The Provinces of Chekiang - Kiangsu	16%	18%	15%	2%
Other Provinces ...	19%	52%	83%	97%
Total	100%	100%	100%	100%

(*From the Bankers' Year Book*, 1934, *P.A.6*)

Thus it will be seen that Shanghai has 59 banks or 40% of the total. These combined with the number of banks in the other eight municipalities, represent 65% of the total.

The population of the provinces of Chekiang and Kiangsu and the nine municipalities when put together is about 67,000,000, or only 17% of the Chinese population; and their area is about 630,000 square miles, or only 3% of the Chinese total area. Yet this small territory with such a small population contains 119 banks, or 81% of the total, while the other provinces have only 27 banks, or only 19% of the number of banks. That is sufficient to indicate that Chinese banks are too much concentrated in the commercial centers, and that capital has accumulated mostly in the treaty ports, while other places either have very poor financial facilities or no financial facilities at all. Worst of all, since 1924, the tendency has been for most of the banks to remove their head offices from the interior to Shanghai, thus making the congestion of banks and accumulation of the capital in Shanghai and other commercial ports still more accentuated.

Over-Development of Banking Enterprises—An Unhealthy Sign

Ordinarily speaking, the rapid development of banking enterprises generally indicates a corresponding rapid development domestic industries and commerce. But in China, such is not the case. The rapid development of banking enterprises does not in any way indicate development of domestic industries. In fact, the banking enterprises have been developed too rapidly while the development of industrial and commercial lags. The rapid increase in the number of banks in Shanghai and other commercial ports can not be regarded as a healthy sign of Chinese industrial development.

Two questions arise: (1) Why have so many banks come into existence?; and (2) Where do they invest their capital?

One of the answers is that to open a bank in the commercial ports during the past years has proved to be the most profitable business of all. During the year 1932, alone, the net earnings of the Central Bank were $8,000,000; of the Bank of China $1,400,000; of the Bank of Communications, $1,050,000; of the Shanghai Commercial and Savings Bank, $860,000. Other banks have ranged between $600,000 to $20,000. (See *China Economic Year Book, page* 26 and also *Shun Pao Year Book, page* 154). For 34 banks in Shanghai, the net earnings for the year 1931 were $18,000,000. (See the *Shanghai Finance Statistics*).

Where Do the Chinese Bankers Invest Their Capital?

While the foreign banks invest most of the capital in land, the Chinese bankers, up to 1932, invested heavily in government bonds. Since the establishment of the National Government in 1926, no less than $1,000,000,000 worth of bonds have been issued by the National Government. Up to 1931, the Government practically depended solely on the issuance of the bonds as a means to carry on the government. All these bonds were taken up by the banks. That is the Chinese financers and bankers gathered together the capital, from the interior, and came to Shanghai to establish banks. With the capital in hand, together with the savings of the people, they bought up government bonds. But the cash so derived from the bond issues have never been used for any productive business or constructive enterprises, though sometimes the bond is ostensibly for constructive purpose. The indications are that a large portion of the cash so derived has gone to foreign countries to buy munitions and to finance civil wars. The bankers buy up the government bonds because the Government pays them a very high interest—probably, the highest interest ever paid by any government on bond issuees in the world. That explains why so many banks have been

established, and why the bankers have been able to become rich in so short a time!

Our study further reveals that in the year 1931 the bankers invested only 21.79% of the capital in commerce; 10.14% in industries; and for the year 1932, only 22.38% in commerce, and 11.46% in industries. (See the *Bankers' Year Book*, 1934, *page* 27). Not a single cash of the capital has ever been invested in rural industries; nor has a single cash ever gone to the assistance of the Chinese farmers—probably the most ignorant and miserable people in the world—who still have to borrow the needed money by the traditional methods and at very high interest. That explains why we say that the fast development of the banking enterprises in Shanghai and other ports could not be taken as a healthy sign of Chinese industrial development; for a large portion of the accumulated capital has been invested in bonds, not in the industries or other productive enterprises.

A Serious Economic Situation Ahead

Then, we have a situation somewhat as follows: Due to the political situation in the country, for the past twenty years, the Chinese have been thinking that it is unsafe to put their money in the Chinese native banks in the interior, and have since been depositing their money in the Chinese or foreign banks in the treaty ports. For the same reason, the Chinese financers have drawn their money from the interior of China to be deposited in the banks in Shanghai and other ports. Thus we have seen the disappearance of silver from the interior and the over-accumulation of silver and capital in Shanghai and other treaty ports. These Chinese financiers and bankers, instead of being far-sighted enough and investing their capital in productive undertakings and constructive enterprises, invest heavily in "speculation business," or buying government bonds, which are entirely "non-productive." The bankers have indeed made enormous profits; and they are able to set up up-to-date and most modern and magnificent buildings in many places. Not a single cash of the capital has ever gone to the rural industries, or to open up financial facilities in the rural districts. That is what has been going on for the past several years. What is the result now?

To be brief, our answer is that not only the domestic industries are not being developed, but Chinese agriculture, which should be the principal industry in China (we always advocate that China should remain essentially an agricultural country) is also undeveloped. In fact, the farmers have already become bankrupt. The purchasing power of these people—80% of the Chinese population—is equal to zero. That China is soon to face an economic crisis unparalled in her history goes without saying!

It must be borne in mind that the magnificant buildings which each bank has set up do not in any way indicate that financial conditions in the treaty ports are sound. On the contrary, it is only an empty "shell." The Government should not issue any more bonds. The value of land should not go up any more; for the last purchaser is bound to lose. Such a situation, together with the fact that the Chinese banks, in ordinary times, have never had any organization, nor any system, such as the "Reserve System," to meet any crisis which might arise, causes us to come to the conclusion that the closing of two banks in Shanghai recently is only the beginning of a series of simular occurrences in the commercial centers!

Remedy Suggested

What is now needed is that both the Government and the Chinese financiers and bankers should be far-sighted enough and should take steps to improve the situation. To issue more Agricultural Development Bonds, to draw the cash from the commercial centers, to invest them in the rural industries, and, to open more agricultural banks in the interior to provide more financial facilities to the farmers—these are the only remedies for the present serious situation.

Nanking, October 21, 1934.

Woman Missionary Released by Kweichow Communists

Miss C. Emblem of the China Inland Mission at Chenyuan, in Kweichow, who was captured on October 9 by bandits, has been released. Besides Miss Emblem, the bandits originally seized Mr. and Mrs. A. Hayman and another missionary couple, Mr. and Mrs. R. A. Bosshardt. The two married women, however, were released recently so as to convey the demand of the bandits for a ransom of $100,000 for each of the remaining captives. Messrs. Hayman and Bosshardt are still in captivity.

Japanese Soya Beans in Exchange for German Guns?

The *London Daily Herald* Oct. 22 give prominence to a report alleging that a secret trade agreement was recently signed between Japan and Germany under which the latter would take 1,000,000, tons of soya beans a year and Japan would receive German explosives, machine guns, airplane engines and chemicals. The report also asserts that it has been arranged for 500 German airmen and engineers to be sent to Japan in 1935.

An emphatic denial came from Tokyo to the above report.

Prominent Japanese Exporter Says Netherlands Indies Must Lose in the End

Mr. Arima, President of the Japan-Netherlands India Trade Association, who recently return from Batavia, told an assemblage of exporters in Osaka Oct. 11 that the business depression in the Netherlands Indies is indescribably penetrating. In the interior, he said, the natives are living only on tapioca and corn. The Netherlands Indies Government objects to the living conditions of the natives being touched upon. "It is not my intention to criticise the policy at present pursued by the Netherlands Indies Government," Mr. Arima remarked, "but I may mention that despite the assurance given by Governor Jounge in the Legislative Assembly that the Import Restriction Law does not threaten the livelihood of the natives, prices have advanced because of the promulgation of the Decree." Economically speaking, the Netherlands is in a critical condition, thinks Mr. Arima.

As regards the possible outcome of the present parleys, Mr. Arima believes in Japan's victory. It is only natural, he says, that the industrial influence of Japan in the Orient should be extended to the Netherlands Indies, which is only 3,000 miles away. No artificial measures can resist Japanese activities. In his opinion, Dr. Nagaoka, the chief delegate, may return home after the settlement of all basic problems, if he so desires, as there Mr. Koshida, another delegate, will still be on the spot. The best thing is for the Japanese Government to cause Japanese exporters to send their experts to Batavia so as to assist Mr. Koshida and other members on the spot.

The purchase of 1,700,000 tons of sugar by Japan in the East Indies is being demanded by the Netherlands East Indies delegation,—200,000 tons to be purchased before the end of this year, and 500,000 tons to be purchased annually for three years hereafter. The Japanese have rejected these demands.

Japanese Spinners to Import 30,000 Bales of Cotton From Haiti

Japanese spinners have decided to import about 30,000 bales of raw cotton from Haiti for the purpose of adjusting the one-sided state of trade with that country. Exporters will be asked to share part of any losses incurred by them through such imports. According to information reaching the Tokyo Foreign Office, the Government of Haiti is inclined either to raise import duties on Japanese articles or apply import quotas, but if Japan agrees to import about Yen 500,000 worth of Haitian products—equivalent to one per cent of exports of that country—such measures will not be taken. Raw cotton is the only article Japan can possibly buy from Haiti. Hence the Tokyo Government's suggestion to cotton spinners. Haiti produces about 30,000 bales a year, its quality being equivalent to Egyptian low grade. It has hitherto been shipped chiefly to Germany. Japanese spinners are now ready to take over the entire quantity if the freedom of the cotton cloth export trade is recognized.

Filipinos Also to Raise Cotton for Japan

Hoping to redress the present unfavorable trade balance with Japan, Eulogio Rodriguez, Philippines secretary of agriculture and commerce, proposes to stimulate greatly cotton production in the Philippines.

He recently announced a tentative program by which more than 600,000 acres eventually would be devoted to cotton, most of which would be sold to Japan. Philippine production this year is estimated at only about 1,000 tons, valued at $125,000. The trade balance in favor of Japan last year was approximately $8,000,000.

Senor Rodriguez says the Philippine Islands could grow some 300,000 hectares to supply local cotton mills which could be erected to meet local demand for coarse cotton goods easily manufactured, and 270,000 hectares for the Japanese market to balance the unfavorable trade with Japan.

Chinese Merchants Protest Against New Stamp Tax

Protests against the new stamp tax levy of the Nanking Government continue. The National Federation of Chinese Chambers of Commerce, 59 Hongkong Road, sent a telegram this week to the Legislative Yuan explaining why the revised rules and regulations governing the levy are opposed by merchants. The heavy increase in the rate is the main objection, the telegram stated, and a similar message was also sent this week by the 1st Special District Citizens' Federation. According to the present rate, it was said, a one cent stamp tax is placed on documents relating to business done, including invoices, statements of account, receipts, etc., for amounts below $10, with two cents being charged for sums over the $10 level.

Under the new system, the tax would be one cent for sums more then $3 and less than $10, two cents for sums between $10 and $20, and three cents for sums between $20 and $30, the rate to rise in graduation with a maximum of 100 cents tax.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

70-333

Will Hostilities Break Out in South China?

BY CHEN FU-SHENG (陳福生)

WILL hostilities break out in South China? This is a question asked nervously everywhere these few days. The peace of China hangs upon its answer. Many political observers believe that the Nanking goverment has the situation in hand while others aver that the government has a very delicate situation to handle. I, for one, am of the opinion that the inevitablility and the imminence of an armed-clash between Nanking and Canton are both of them matters open to doubt. There is no immediate likelihood of such a clash. Both Nanking and Canton, in my judgment, do not intend to settle the outstanding differences by resorting to arms. They would not go to war unless and until the situation develops into serious proportions. On the eve of the Fifth National Congress of the Kuomintang, different leaders have, as they had during the previous plenary session, divergent views concerning national and party affairs, but it does not necessarily follow that they will go from words to blows. True, there exist strained relations between Canton and Nanking and yet they can be considerably eased by political means. What is more, the tension is not so tense as that which is forecast by some newspapers; in fact, the oft-reported Nanking-Canton imbroglio has been more of a bogey than a reality.

Japanese-Colored Propaganda

Reports that Generalissimo Chiang Kai-shek arrived in Hankow to call a military conference to prepare for possible open rift with Canton, though categorically denied by Dr. H. H. Kung, Vice-President of Executive Yuan and Minister of Finance, are given prominent position in Japanese newspapers. For instance, in the *Min Pao*, a Japanese-owned newspaper in Foochow, we read that Gen. Chiang has launched preparations for a drive on Canton, that he has taken steps to bring under him all of his opponents in the Southwest, etc. As a matter of fact, what prompted Gen. Chiang to go to Hankow is his determination to wipe out all the reds not only in South China but also in Central China—that makes it necessary for him to confer with his subordinates on bandit-suppression campaign. The colored propaganda on the part of Japanese journalists is nothing new. It is not the wish of Japanese to see a united China; they want to see China divided against herself, and torn by internecine warfare. A divided China falls an easy prey to Japan's ambitions.

Perhaps, it is of great interest to note the statement appearing in the *Nichi Nichi* (October 4) "If the Nanking Government adopts a policy directed against Japan, Japan will not only abandon the policy of goodwill toward China, but also resort to most effective and proper measures of suppression at any time she may consider necessary. If China is reckoning upon Japan's international difficulties in connection with the forthcoming Naval Conference, to start anti-Japanese activities, Japan will immediately take resolute measures to check such actions." Japan is now isolated as never before. She is afraid that China will take advantage of her international difficulties to present a united front against her; she thus uses her old tactics of playing one part of China against the other. This explains why she attempts to stir up strife in China.

The Attitude of Gen. Chen Chi-tang

On the chess board of South China politics Kwangtung occupies a key position. The attitude of Gen. Chen Chi-tang, virtual ruler of Kwangtung, is worth nothing. Gen. Chen is said to have acted with caution; he often looks before he leaps. Though he maintains friendly relations with party veterans and politicians in the Southwest, yet he shows allegiance to Nanking. He seems to have devoted himself to reconstruction of Canton. He frowns at any attempt to involve Canton in warfare. It is very unlikely that he would declare himself independent of Nanking or participate in any separatist movement. His maintaining cordial relations with the party veterans and politicians in the Southwest is merely an expedient, but must not be construed as his intention to side with them.

That Canton has nothing to gain but much to lose by severing her relations with Nanking, Gen. Chen knows well. Canton, though rich in resources, needs Nanking's help in many things. But for Nanking's valuable assistance, Canton would not have made such remarkable progress in industry, education, etc. To develop Canton's economic resources to the fullest extent, Canton must remain loyal to Nanking.

That hitherto all military commanders who rose in arms against Nanking invariably failed, Gen. Chen also knows. The Kwangsi faction's rebellion, the Feng-Yen Coalition, the Shih Yu-san's rebellion, the Fan-Chi Rebellion, the Fukien Insurrection, all ended in failure. Gen. Chen has under his direction, a well-equipped and well-trained army, a fleet with two newly-bought torpedoes, and an air force of some 150 airplanes; still he is no match for Gen. Chiang who, according to the latest information, has under his command, about ninety divisions of army, three fleets, and an air force of some 300 airplanes. Gen. Chiang's personally directed armies, from their long experience in communist-suppression campaign, have become hard fighters while Gen. Chen's troops, though some of them have participated in anti-red campaigns, have, generally speaking, not seen very active service in war. Gen. Chiang has weathered many a storm; there is reason to expect that he can weather another storm should it arise.

The Attitude of Gen. Ho Chien

Gen. Ho Chien, erstwhile loyal to Nanking, is rumored to be sitting on the fence. The rumor may be unfounded. With Marshal Chang's troops penetrating into the heart of Hunan, Gen. Ho cannot remain on the fence. Gen. Ho has shown great wisdom in standing calm, undisturbed by political conditions outside Hunan; in all probability, he will pursue his old policy.

The Kwangsi Faction

It is reported that the relations between Nanking and Kwangsi have been none too cordial. The report is unconfirmed. May be there is a little rift within the lute. But Kwangsi, a poverty-stricken province, is not in a position to attempt a surprise single-handed.

Gen. Chiang Does Not Want Civil War

In an interview with a correspondent of the *Daily News*, Gen. Chiang said: "The rumor that an armed clash between Nanking and Canton will before long break out is perfectly idle. Such a clash is inconceivable, as I have not the least intent on of participating in civil war. The foreign policy of China is decided by the National Government. I, however, am of the belief that it is a suicidal policy for present-day China to attempt to recover the lost territories." Gen. Chiang has concentrated his attention on communist suppression; he is unwilling to see China involved in civil war again. Although the ultimate success of the anti-red campaign appears to be within sight, yet rural rehabilitation and elimination of communist thoughts and institutions in retrieved areas are two problems much more difficult than suppression of communist bandits. Probably these problems will tax the brains of the statesmen and the experts of the entire country.

Now that the new developments in Europe have forced the European nations to be preoccupied with purely European affairs and have given Japan a free hand in Asia, it is high time for China to present a united front against her aggressors. The leaders of the nation, it is hoped, will sink personal differences and instead place national interests above theirs. The Chinese nation is tired of war. Public opinion is for those who promote peace and against those who destroy peace.

Foochow, October 14, 1934.

C.I.F.R.C. 1933 Report Shows Work Has Shifted Northwestward

The annual 1933 report of the engineering department of the China International Famine Relief Commission, just published, states that from early January to the close of 1933 the C.I.F.R.C. engineers were in the field on surveys or construction connected with an extensive famine prevention program. The work lay chiefly in the North-west, in Shensi, Shansi, Suiyuan, and Kansu. Down on the Yangtze they were also occupied for a time completing dikes in both Kiangsi and Hupeh near Kiukiang. The work in 1933, therefore, was spread over the same six provinces that engaged engineers in 1932. The emphasis, however, was distinctly shifted north-westward, since the Yangtze program had been nearly completed in the previous summer.

The greatest innovation of 1933 was the investigation carried out for the Fen Ho Conservancy. The surveys for these studies began in February and the work continued to the end of the year. This was all financed by the Shansi Government, which spent $65,000,00 during the year to pay the cost of these surveys. In Shensi a group of bandits captured two members of the engineering staff and held them 18 days. The men escaped uninjured but the incident interfered with the work and tended to frighten many who might otherwise have been willing to serve in the Shensi field. Along the Silan Road near Yungchow work was carried forward in the spring through country dominated by a thousand armed bandits who repeatedly defeated local garrisons. Yet the engineers carried on their work. Money came from the National Flood Relief Commission to pay for the dike building on the Yangtze; from the China Famine Relief, U.S.A., Inc., for the Weipei work; from the National Government for the Silan Road; from the Shansi Government for the Shansi surveys; and from the Commission itself for the Satochu work of extending the irrigation system there. Altogether 1933 was a very busy year, with excitement and pleasure in no small amount. The report describes in detail work carried on in Suiyuan, Kansu, Shensi, Shansi, Kiangsi and Hupeh. The engineering work was in charge of O. J. Todd, chief engineer.

The engineers' report above referred to forms only a part of the Chinese International Famine Relief Commission's general annual report for 1933—a volume of more than 100 pages, in which numerous illustrations and tables supplement the text.

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At Least One American Newspaper Man Is "Converted"

IF THE following is a fair sample of the effect which Japanese hospitality has had on the group of American newspapermen who recently visited Japan and Manchuria, it is evident that the bread cast on the waters by the Japanese is being found not "after many days" (as the writer of Ecclesiastes asserted), but, instead, very promptly.

Among those who attended the dinner given by Hsieh Chieh-shih, Manchukuo Minister of Foreign Affairs at the Yamato Hotel in Changchun Oct. 8 to the visiting American journalists was Elzy Roberts, president and publisher of the St. Louis *Star*, who, in his speech of response, among other things, said:—

"Our fellow newspapermen of Japan opened the doors through which we passed as guests, but it seems to us that all Japan and a large part of Chosen and Manchukuo were our hosts once we had passed inside. "Our taste of Japan commenced the minute we stepped off the gangplank of the *Chichibu Maru* five weeks ago. We were welcomed, not only by courteous officers and an efficient crew, but by their Imperial Highnesses Prince and Princess Kaya who soon showed us that the unfailing courtesy so characteristic of the Japanese is a natural attribute of her people, be they of high or low degree.

"On reaching Japan we were greeted by our newspaper hosts and their Imperial Patron Prince Higashi-Kuni followed by many Japanese gentlemen of distinction in the fields of government and business. Impressed as we all were by the cordiality and extent of our welcome from them, we were equally moved by the warmth of the greeting accorded us by the citizenry of Japan. An example of this was our reception at Kamagori where many hundreds of smiling children welcomed us, on our arrival and our departure, with waving hands and shouted banzais. Hundreds more of their elders lined our route, no less eager than the youngsters, if we could judge from their faces and their shouts, to let us know that Japan has opened her heart to her friends from across the sea.

"What does Manchukuo mean to us now that we have seen important parts of it?

"Now we have left Japan—happily however not without plans for a brief return—and are in the midst of the second great part of the trip on which we embarked over a month ago.

"*Manchukuo*—What does that word mean to the average American newspaper reader who has never visited these shores? It means a vast region somewhere in China and usually associated with political disturbance.

"Obviously I cannot answer for any other members of our party, although I feel sure that they have been greatly impressed as I have by what they have seen of this vast and growing country. To me Manchukuo now means a great territory that measures its past by centuries and looks to the future with hopes of and determination for a new place in the world.

"This is the country that produced the Manchu race, which ruled China for nearly four centuries. History tells us that in many respects the Manchu reign was the brightest of the many Chinese dynasties and that it was particularly distinguished for its efficiency.

"Now the world watches the descendants of that brilliant line of rulers with the assistance of their Japanese brethren in their efforts to create a new antonomous state in this land of their fathers."

***

Lowell Mellett, editor of the *Washington News*, also made a speech. He was much more cautious. In a speech he said: "We have come to see what you wanted us to see."

The Problem of the Freedom of the Press in China

BY PAUL K. WHANG (汪仲芳)

THE Southwest Kuomintang Executive Committee, with a view to explaining its attitude toward the forthcoming Fifth National Congress of the Kuomintang, has recently issued a circular telegram, demanding freedom of the press, lifting of censorship and also unfettered freedom of C.E.C. members and Kuomintang members to make constructive suggestions with regard to national, party and military affairs. The telegram was signed by Hu Han-min and many others including Generals Chen Chi-tang, Li Tsung-jen and Pei Chung-hsi.

In regard to freedom of press and lifting of censorship, it has this to say, "The people should be permitted to freely express their opinions on political affairs and foreign policy without fear of arrest. For years the Central Government has suppressed the view of the people on national policy. Through the medium of censorship, publications are muzzled, newspapers closed down and newspapermen imprisoned and assassinated, should the news they sent out be deemed 'unfavorable' to the ruling authorities. In order to adjust matters, the censorship should be abolished at once. The assassination of newspapermen and patriotic Chinese leaders must cease. Restraint should not be placed on writers who advocate resistance to Japan and who offer constructive suggestions on international political problems."

Southwest Reminds Nation of Forgotten Rights

We must feel indebted to the Southwest political and military leaders for their reminding us of our forgotten rights. I call this freedom of press a forgotten right not without reason, because we have got so deadly tired of listening to such high-sounded slogans as freedom of press, freedom of speech and what not, that we are now no longer interested in them, although we have been habitually told that in a Republic, individual freedom must be respected by the society and protected by the government, and particularly so in the case of the press, speech and association, the three most sacred and inviolable things which should deserve absolute freedom. In pre-revolution days, the revolutionary leaders, in their attack against the despotic Manchu regime, held out the promise of individual freedom as a bait to win the public support to their cause. But with the lapse of more than two decades since the collapse of the Manchu regime, we have not yet enjoyed this long-promised individual freedom, although we are said to be the people under a democratic form of government.

During the past twenty-three eventful years, the cry of individual freedom has become nothing but a worn-out slogan shouted by dissatisfied politicians against the ruling authorities. Thus it is nothing strange that the Southwest leaders should play on this old harp once again to attract the attention of public listeners. The music produced from this old harp would prove attractive, if the people in the Southwest are really at this time enjoying unfettered freedom. Any one who has been either in Kwangtung or in Kwangsi can testify if the newspapermen there can air their views freely in accordance with their own convictions and the people there can give speeches in public without giving due regard to the wisnes of government officials and can form any political association, the policy of which is at variance with that of ruling authorities. Furthermore, did Mr. Hu ever try to do anything to uphold individual freedom during the time when he was one of the leaders of the Nanking Government?

It seems to be a strange coincidence that the Southwest leaders should advocate freedom of press and lifting of censorship at the time when the Nanking Government has for weeks imposed a ban on two well-known Chinese-owned newspapers. *The China Times*, a local Chinese daily, and the *China Press*, a local English daily, both owned by the same Chinese interests, have been deprived of the postal privileges because of some reasons which are still unknown to the public. In imposing this ban, the government authorities have not taken the trouble of explaining the reason why, while the publishers and editors of the banned papers have kept reticent as if nothing has ever happened. At the time of writing this article, the ban had been already in force for more than one month, and will possibly remain so for some time yet.

The *China Times* has been often looked upon as Shanghai's liberal and outspoken journal. It is liberal, only because all the other Chinese newspapers are too conservative to follow the trend of modern thoughts. And it is outspoken, only because all the other Chinese newspapers have not the nerve to say what ought to be said. In a country where newspapers enjoy unfettered freedom, such a journal as the *China Times* would not be considered as a liberal and outspoken journal. Because of its comparative liberality and outspokenness, the *China Times* has gained a wide popularity among the Chinese reading public, but in the meantime it has also incurred the wrath of a few of the government leaders. It has been generally known that many of the government leaders have long frowned on this paper because of its independent attitude in criticising national affairs and doings of government officials. The present ban, therefore, is but an expression of the government disapproval of its policy.

What is said about the *China Times* can not be applied to the *China Press*, the only Chinese-owned English daily in this metropolis. This paper is sometimes even looked upon as an official organ, because it has always been a staunch supporter of the government policy. During these years of national crisis, it has served as a useful organ to propagate the Chinese side of Sino-Japanese problems and contributed much to upholding China's case in the English reading public. In consideration of its useful services rendered to the country, the government should give it every assistance and encouragement. But instead, the government has banned it for no other reason but its affiliation with the *China Times*.

By no stretch of imagination can these two papers be considered as organs of propagating anti-government news and views, and classified in the same category as *Oriental Affairs*. The government may have power to ban from the Post Office any publication which it finds objectionable. But in exercising this power, the government should guard itself against abusing it to the suppression of public opinion altogether. That the publications which have been wholly given to propagating anti-government news and views should be banned and suppressed can not be gainsaid. But to ban a publication because of its well-meant and constructive criticisms on government affairs does not appeal to us as justifiable. It betrays extreme narrowmindedness on the part of a few of the government leaders that they should vent their wrath upon any paper by denying it the postal privileges, simply because it is frank enough to call black black and white white. It is even more ridiculous that a paper should be banned for no other reason but that its affiliated paper has unfortunately incurred the displeasure of a few government leaders.

Freedom of Press Is Restricted

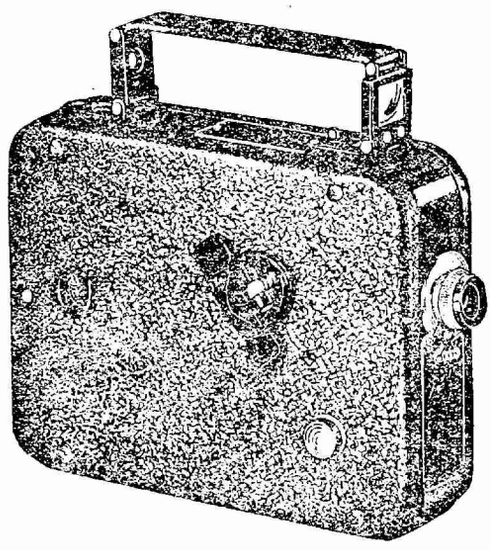
During the past many years, the government, it must be said, has laid every restriction on freedom of press. Besides exercising freely the power of imposing the postal ban, it has also instituted a cumbersome system of press censorship. All the news to be published must be first approved by the news censors, and the defiant newspapermen have often been subjected to persecution. As a result, the reading public can no longer rely upon the Chinese press for informations regarding China's domestic political situation, and the newspapermen can not play their important role to enlighten the public on any vital political issues.

Freedom of press, freedom of speech and freedom of association have been generally regarded as the three most sacred and inviolable things. The human society can not make progress, unless each of its members can cultivate and develop his own individuality. With the development of individuality, the members can interchange their viewpoints as to the means of better adapting themselves to their surroundings and of improving their means of living. This accounts for the fact that human society can gradually make progress and occupy a very favorable position.

How can we develop our individuality to the fullest extent? The answer is that we must first protect our three chief freedoms. When the three chief freedoms are protected, each individual can utilize his mental power and intellectual ability to develop his best talent. Through mutual appliance and study, science can be improved, arts can be perfected, and systems and plans can be made complete. Some one might argue that the three chief freedoms ought to be respected, but they should also be restricted because the people may abuse the freedom to menace the peace and order of the community and to destroy the public faith. But the reason why the anti-government speeches and literatures can attract the public attention is that they are also based on sound premises. The government, instead of suppressing these speeches and literature, should study them and explain its stand to the public so as to lead the public to the right path.

At this time of national crisis, our government officials should all the more welcome public criticisms on their policy and their doings, so that they can modify their policy and rectify their errors in accordance with the public will. We have been frequently told that our government is "a government by the people, of the people and for the people." Then how can the government officials justify their acts in suppressing the well-meant and constructive criticisms voiced by a popular journal?

Shanghai, Oct. 27, 1934.



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Municipalities in Japan Collect Taxes from Perpetual Leaseholders

The Kobe and Yokohama municipalities are calmly going ahead and collecting taxes from foreign leaseholders—who are supposed to be exempt. The *Kobe Shimbun* says that practically the total amount of the Municipal taxes owed by foreign residents in said city has been collected. Of the total of about Yen 180,000, representing taxes in arrears over the last five years, the *Shimbun* says, the Kobe Ward Office has so far been able to collect Yen 158,425.42, which is classified as Yen 33,787.32 from perpetual leaseholders, Yen 120,735.05 from others, and Yen 3,903.05 embodying interest charges in arrears. The remainder is not collectible for special reasons.

"Some foreigners were quick to understand the point of view of the Municipal authorities and paid of their own accord, while in the case of others distraints have had to be made," the *Shimbun* said.

Both the Government authorities and the authorities of Yokohama and other places similarly circumstanced were reported as having watched with much interest the results of the strong line adopted by the Kobe Municipality in collecting the taxes in arrears. The good results now achieved, the *Kobe Shimbun* says, though no doubt largely due to the efforts of the local authorities concerned, are partly ascribable to the fact "that foreign taxpayers have shown an understanding of the Municipality."

Household Goods of Yokohama Resident Seized and Sold in Tax Case

In accordance with the policy of the tax authorities of Kanagawa Prefecture, in connection with the perpetual leasehold controversy covering the assessment of taxes, retroactive for the past five years at compound interest, against foreigners residing on leasehold property, definite action was taken against Claude Ettele, on Oct. 15 when 35 items of household effects, including a telephone and motorcar, were removed from his home at 67-B Bluff, Yokohama, and sold at auction the next day at the Prefectural offices. The household goods, with the exception of the telephone, were sold as one complete lot under sealed bid. So far as has been ascertained, this is the first instance where the household effects of a foreigner residing on leasehold property in Yokohama have been removed and sold at auction for the non-payment of the taxes under dispute. The *Japan Advertiser* reports that several telephones, however, belonging to foreign firms located on leasehold property, have been removed and sold at auction during the past month, in accordance with this policy.

Seyukai Votes for Common Front With Minseito

The formation of a common front with the Miniseto party was decided at a conference of Seyukai party leaders in Tokyo Oct. 22. A similar meeting of Minseito leaders decided to accept the Seyukai offer, provided the alliance would not deliberately bring the downfall of Premier Keisuke Okada's Government.

Smugglers Conceal Jewels in Foreigner's Books

Japanese customs authorities have begun the investigation of a number of cases of jewel smuggling, following the discovery of valuable gems concealed in books brought into the country in the luggage of a foreigner. It is reported that quantities of smuggled jewelry have been found in jewelry stores throughout Japan.

Japan Also to Have "Brain Trust"

Advices from Japan indicate that Japan's "Brain Trust" will come into being soon after the extraordinary session of the Diet next month. The body will consist of leaders in the fields of banking, commerce, industry, politics and education and will be called Kokusaku Shingsi Kai, the Examination Council of National Policies. The name will probably be changed when the group is formally organized. The "Brain Trust" will function as an advisory body on national policies. The Council will be composed of from seven to ten men.

Japanese Navy Maneuvers Are Concluded

The autumn grand maneuvers of the Imperial Navy ended Oct. 2 as nearly 200 men-of-war sailed for their respective bases. Prince Fushimi, chief of the Naval Board, in an address to the commanders of the assembled fleets, congratulated them upon the showing they had made.

Japanese Sampans Fitted with High-Speed Engines Detained in New Guinea

The Captain and twenty-four members of the crew of the Japanese steamer *Yoshikine-maru* have been detained at Lorungau by the Administrator at New Guinea as prohibited immigrants, and on charges of having poached near Western Islands of the Admiralty groups. The Administrator of New Guinea informed the Minister of the Interior that the *Yoshikine-maru*, from Formosa, was without any ship's papers, or bill of health. This incident followed recent reports that there have been mysterious movements of Japanese sampans, fitted with high speed engines, in Australian waters.

Japanese Priest and Woman with Whom He Eloped Are Caught

The Rev. Shinkyo Sugiyama, secretary to the chief abbot of the Gokokuji of Kyoto, a temple devoted to the Shingon Buddhist

sect, and Mrs. Kimiko Nakai, wife of a wealthy resident of Osaka, who eloped October 1, were apprehended in different prefectures, about ten days later. Their elopement proved a sensation of large magnitude in Kyoto and Osaka. Mr. Toshimasa Nakai, husband of the woman, had received a letter from her, saying she was at a hot springs resort in Ishikawa Prefecture, planning to commit suicide. She was taken into custody as she descended from Mount Kyozen, where, she said, she had gone to die but had been driven down by hunger. At about the same time, the priest's brother-in-law telegraphed the head of the temple in Kyoto that the missing man had been located there and would be taken to Osaka.

Japanese Sculptor Who Killed His Sister Is Freed

Yukio Hayakawa, a sculptor killed his sister, but the Tokyo Court freed him Oct 15. The 27-year old sculptor had a bed-ridden sister, who was living her last days in pain and misery. To end her sufferings Hayakawa killed her. Then he attempted to commit suicide, but failed. He was arretsed and tried. The public procurator asked for a sentence of two years, but drew the judge's attention to the unusual circumstances of the murder. The judge gave Hayakawa two years in prison, suspended the sentence, and told him to live in remembrance of his sister. The verdict delivered, the prisoner thanked the court, and walked out a free man.

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South Manchuria Railway Is Japan's Greatest Corporation

The South Manchuria Railway Company heads the list of Japan's financial and industrial concerns. The paid-up capital of the S.M.R. amounts of Y.522,000,000, or more than a hundred million yen above the capitalization of the second largest concern, the Tokyo Electric Corporation.

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Japanese Farmers in Northern Japan Live on Roots, Nuts and Acorns

An increasingly serious view is taken in Tokyo of the plight of Japan's northeast, which is reported to be nearing famine conditions. The farmers are living this year on wild roots, nuts and acorns. "Provide food for straving farmers" has become the battle-cry of official Tokyo, as reports continue to come in of the distressing situation in agricultural areas throughout Japan. The officials of the Ministry for Home Affairs have voted to contribute three per cent of their salaries for three months to the relief funds.

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"Xenophobia" in Japan

(*From the Japan Chronicle*)

A group, which calls itself the Asia Seinen Doshikai, or Young Asiatics' Society, has posted up on various telegraph poles in Kobe placards entirely misrepresenting the situation and trying to create a public disturbance hostile to foreigners. Down the middle of this poster are large characters reading:

"DRIVE AWAY ENGLISHMEN, DISTURBERS OF ASIA!"

and on both sides of this appears the following exhortation:

"The Perpetual Leases are a National Disgrace.

"Get back the Perpetual Leases, relics of extraterritorial days.

"Foreigners, among whom Englishmen are predominant, have been refusing to pay Japanese taxes for scores of years.

"Foreign residents have combined to trample on Japan's sovereignty.

"It is incredible! Japanese law is being defied before our eyes!

"Rise, young Patriots! Chastise these bad Whites!

"Let the bad Whites apologize to Heaven for their past crimes, and restore the Perpetual Leases to the Japanese Government."

No doubt the young men who put up these placards do so in ignorance, but that is no excuse. What sort of patriots are they who think that they must, by rioting and violence, settle a trifling matter which the Government is quite competent to handle? The point to which attention needs to be drawn is that if "radical" sentiments were thus posted up, they would not remain an hour without being obliterated, but this sort of thing is allowed to remain on public exhibition and nothing is done, even after the attention of the authorities is drawn to it.

Japan Still Undecided on Embassy in China

The Japanese Government has not yet decided when it will elevate the status of its diplomatic mission in China from a Legation to an Embassy, but when it does make its decision it will be Japan's own affair, based on Japan's peculiar position in East Asia, a Foreign Office spokesman asserted at a recent press conference following a report from Nanking that the Japanese Minister, Akira Ariyoshi, had discussed the matter with Wang Ching-wei, President of the Executive Yuan. The spokesman said Mr. Ariyoshi had made no report, but he thought it probable that the Embassy question was not discussed. The money needed to make the change is available, he pointed out, and the Minister to China is of Ambassadorial rank. The question of time is all that remains. In making its decision, the Government must take into consideration various things, the spokesman stated, including internal conditions in China and Japan, and Japan's relations with China. It will decide on the basis of Japan's special position in East Asia.

Japanese Text of C.E.R. Agreement to Be the Official One

The Japanese text of the agreement between Manchukuo and Soviet Russia on the transfer of the North Manchuria Railway (C.E.R.) will be accepted as final in case of a textual dispute, it was decided in Tokyo Oct. 21 by the delegates of the two countries. There will, however, be drafts of the agreement in the Russian and Chinese languages also. *Rengo* says this is the second instance in history when the Japanese language has been accepted as a diplomatic language, instead of the customary English and French.

Deadlock in C.E.R. Negotiations

If the *Tokyo Asahi* is to be credited, another deadlock is threatened in the already long-drawn-out negotiations for the transfer of the Chinese Eastern Railway. Besides demanding a guarantee by the Japanese Government of payments by Manchukuo, the Soviet side insists that the Railway should be taken delivery of in a month or so. Even before the Railway and the property belonging to it have been taken delivery of, it means to withdraw the Soviet employees into Soviet territory on the expiration of this short period. The new Soviet proposals refer to many points never discussed before.

The Japanese Foreign Office authorities hold that it is difficult to take delivery of the property of the Chinese Eastern Railway in a month or so, and that the Soviet's insistence on such terms betrays her habitual diplomatic tactics.

Forcible Occupation of C.E.R. Buildings Alleged

Tass reports that the assistant vice-chairman of the Board of the C.E.R., M. Malginov, has addressed a letter to the Chairman of the Board, Li Shao-keng, in connection with the more frequent cases of arbitrary and forcible occupation of buildings belonging to the railway guard troops, police and the Japanese military. The letter points out that not only temporarily vacant buildings are occupied, but also living quarters of railway employees, and buildings occupied by the railway organs. Police officials whose task it is to uphold law and order, guard troops existing for the protection of the railway and its employees, and Japanese military officers, who, according to their declarations, have been called upon to bring order, break doors and locks in the houses belonging to railway employees and forcibly evict employees from their houses. Such lawless actions of railway guards and officials obviously disrupt the work of the railway and its employees. After an enumeration of the facts of arbitrary and violent actions of Japan-Manchurian authorities, M. Malginov demanded that measures be immediately taken to vacate the buildings thus occupied, to discontinue the lawless actions and to protect railway employees and the property from violence of the self-assumed authorities.

British Get Mining Franchise in Kirin Province

Recent Changchun messages stated that the first British investment in Manchukuo involving Yen 20,000,000, will be soon made in Kirin Province. Mr. Brinnel, representing the Selection Trust Co. of London is understood to have obtained a franchise to engage in alluvial mining in Kirin Province. This was granted after lengthy discussions between Mr. Brinnel, members of the British Industrial Mission and officials of the Manchukuo Government.

Manchurian Soya Beans to Be Traded for Sheep

Dairen reports state that negotiations for a barter of soya beans for sheep between Manchukuo and Uruguay are progressing favorably. The contract calls for the bartering of about 20,000 to 30,000 metric tons of soya beans for about 5,000 to 10,000 sheep.

Kwantung Officials Are Reconciled

It was announced at Port Arthur Oct. 22 that the Kwantung Government officials and police no longer have the intention to resign en masse as a protest against the projected reforms. The officials, faced with the determined stand of the Cabinet, decided not to risk their positions, and are putting trust into the Government declarations that the reforms will not bring about a substitution of a military Government for the existing system.

Unarmed Japanese Emigrants Leave for Manchuria

The third group of 250 Japanese emigrants to North Manchuria left Tsuruga Oct. 22 en route to Koyinho, where they will settle. Unlike the first two groups of emigrants, the third will be unarmed. It is headed by several agricultural experts. Upon settling in the Koyinho district, the colonists will make preparations for winter. During the winter they are expected to study the native language. They will commence cultivating their land next spring.

Notorious Bandit Chief Captured In Mukden

Ta Ping-hao, alias Li Shih-pu, notorious bandit chief, who for many months kept rural communities in the so-called triangular zone in Fengtien Province in a state of terror, was captured by police officers in the waiting room of Mukden Station Oct 23. He confessed that during his criminal career he carried off plunder valued at $300,000.

Bandits Ransack Town Near Imienpo, Kill 200 Korean Villagers

A force of some 1,000 bandits under the leadership of Chao Shang-chih, a notorious bandit chief, attacked the Korean town of Tachingchwan, three miles south of Imienpo, on the N.M.R., early in the morning Oct. 19. The attackers ransacked the place, set it on fire and escaped in an unknown direction, taking with them a large number of hostages. Over 200 villagers were killed and wounded in the attack.

Manchukuo Minister of Industry Departs for Japan

Chang Yen-ching, Manchukuo Minister of Industry, departed for Japan Oct. 24 on a trip of inspection. Mr. Chang will be accompanied by Kojun Takahashi, Director of the General Affairs Bureau of the Industry Department. Both officials will meet prominent Japanese officials and industrialists. It is reported that after their return to Hsinking, on November 8, a party of Manchukuo businessmen will visit Japan to inspect business conditions there. Plans are being made in Tokyo for the entertainment of Mr. Chang and Mr. Takahashi by various financial organizations. The Minister of Industries is known in Tokyo, being a graduate of the Tokyo Peers' school. He is only 36 years old, speaks Japanese well, and is the youngest member in the Manchukuo State Council.

From Vladivostok to Murmansk in One Season

The ice-breaker "Liedtke," which started on June 28 from Vladivostok, has completed a through passage from the Far East to Leningrad in the course of one navigation season. It was the first time in the history of navigation that a vessel completed this route in the course of one navigation season from East to West instead of from West to East, as had been done by the icebreakers *Sibiryakov* and *Cheliuskin*.

Japanese Army Man Says Russia Prepares for War

Soviet Russia is still making preparations for war on Japan, which she began at the time of the Manchurian Incident, declared Cavalry Major Akio Doi, of the Military Affairs Bureau of the War Office, on his return during the week to Japan after a three-year study of military affairs in Soviet Russia, Poland and Finland.

Trial Run in Moscow's Subway

With the construction of the first subway in the Soviet Union rapidly nearing completion, the first test run was made over a distance of two and half kilometres Oct. 16. It was claimed that the result was perfect. The subway, the construction of which was started at the end of 1931, will upon its completion, cover a total distance of eleven and a half kilometres. All the materials employed in its construction have been manufactured in Soviet plants.

Soviets Produce Much Pig-Iron

Official statistics published in Moscow show that the average production of pig-iron in the Soviet Union during the first nine months of 1934 amounted to 851,000 tons, while that of steel was 769,000 tons. Production for the month of September was 915,000 tons for pig-iron aand 834,000 tons for steel.

China's Export Trade to Soviet Russia Shows Increase

Statistics show that China's trade with Soviet Russia has shown a favorable increase compared with last year. Total export trade with Soviet Russia during the first six month of the current year was $4,110,000, or $1,480,000 more than during the corresponding period last year. Total imports from Soviet Russia during the same period amounted to $6,850,000, which represents a decrease of $7,390,000 as compared with the corresponding seriod last year. The total import excess during the first six months this year was $2,730,000 as compared with the $11,610,701 last year.

Commissar of Transport Points Out Deficiencies in Soviet Rail System

The Soviet commissar of transport, in a recent speech, denounced the deficiencies in the functioning of the Soviet railway system emphasizing the necessity of improvement. He said that five to six thousand cars or more should be loaded daily with coal from the Donetz and Kuznetzk mines, with metals from the factories,

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and with wheat and lumber, failing which labor conditions might seriously suffer during the winter. The speaker protested against the useless circulation of empty freightcars and said that the railways of Eastern Siberia, Baikal and Ussuri had 7,900 cars too many, while Tomsk was short of cars.

Increased out-put in the manufacture of railway locomotives and freight cars has been registered in the U.S.S.R. this year, says *Tass*. In the first nine months of the currrent year, 944 locomotives were turned out, as against 827 for the entire year of 1932. The output of freight cars for the nine months was 22,500 as against 22,300 for the entire year of 1932.

Is China Off the Silver Standard? ---A Symposium

CONSIDERABLE divergence of view is being expressed as to whether China is now "off the silver standard." The following symposium will assist readers in forming an opinion, or what is more important, to visualize the situation.

"The Chloride of Common Sense"

Extracts from an editorial in "The China Press" (Oct. 20)

The assertion has been glibly made that China has "gone off" the silver standard. It all depends what is meant by going off. No doubt exists that the United States, Great Britain and Japan have very definitely abandoned the gold standard. In those countries paper money is not redeemable in gold. By devaluation of the dollar in the United States creditors have been compelled to accept repayment of obligations in dollars of much less intrinsic worth than the contract originally made called for. Litigation is now proceeding before the Federal Supreme Court to decide the constitutionality of the legislation by which this was accomplished.

Great stress has also been laid upon the alleged danger of extensive smuggling which, it is argued, will largely defeat the object for which the export levy was imposed. It would be idle to deny that smuggling as a rule is difficult, but in the case of silver it is the smuggler who would have to face most of the difficulties. The whereabouts of the bulk of the silver in China is well known and it is in comparatively few hands in appreciable quantities. It is moreover a weighty commodity, and to get large quantities out of the country would require considerable ingenuity.

The statement issued on the authority of the ministry of finance and the masterly address given by Mr. Kann to Rotary Club members on Thursday deserve careful study. They provide, so to speak, the chloride of common sense, for the muddy waters of confused and alarmist thought.

Finance Ministry Spokesman Asserts China Is Not Off Silver Standard

With a view to clearing up certain misconceptions and explain the recent action of the Ministry of Finance in relation to silver, a statement was issued Oct. 18 through the Ministry in which it was pointed out that China is not off the silver standard. The introduction of the silver export duty and equalization charge merely broke the link between silver in China and silver abroad after the link had been severely strained by the recent speculative rise of silver prices in London and New York. The statement pointed out China's position in relation to other countries in the matter of purchases and currency. The present measures with regard to silver had been adopted by the Government because unhealthy conditions had culminated in a drain of silver which, if not checked, would have led to the loss of an essential part of the metallic base of China's currency.

Japanese Bank Manager Says China Is Totally Divorced from Silver Standard

Stabilization of silver is by no means an easy task, but requires the best financial leadership the world can supply, declared Masaji Yoshida, Manager of the Shanghai office of the Mitsubishi Bank and a recognized authority on Shanghai silver problems, in an interview. The introduction of the silver export duty together with the equalization charge by the Nanking Government is tantamount to the imposition of the embargo on silver, said Mr. Yoshida. With this embargo on silver, currency in China is totally divorced from the silver standard, despite the fact that paper money is still convertible into silver dollars, because the value of the silver dollar itself has lost its connection with the world price of silver.

"It is indeed true that the rising tendency in the value of local silver, which was threatening to diminish greatly the local silver stocks, was effectively checked by the recent Government action and that since then the value of local silver has been kept down considerably lower than before," said Mr. Yoshida.

"However, the vital question is whether the Nanking Government can stabilize the value of silver at this lower level or not. The question naturally revolves itself into another question of whether the so-called sound and adequate monetary policy which President Roosevelt is bent on carrying out, is feasible to China or not."

"Of course, the policy is one which the Chinese authorities are trying to pursue, but the future of such a policy as applied in China is not altogether bright because there are dangers on the sides of the path which the Chinese Government is now determined to walk; an unprecedented shortage of hard money in the market on one side and inflated paper money on the other," continued Mr. Yoshida.

Mr. Yoshida predicted a shortage of silver stocks here, because the value of silver abroad is certain to rise, with the consequent local hoarding and smuggling and also because of the annual silver shipment of two to three hundred million dollars in payment of the international trade balance.

The only way to meet this shortage of silver will be to issue more paper money, said Mr. Yoshida. Sooner or later there will be a time when the Chinese authorities will find it more difficult to resist the temptation of inflating paper money to such an extent that the whole industrial and commercial structure in China will be endanged.

"What I should like to see in China is that the home price of silver be kept at the present level or even slightly below it, minimizing deflationary effects on industry and at the same time avoiding the danger or plunging into a regime of paper currency, for a system of managed currency can never be applied to the present-day China with favorable results" Mr. Yoshida concluded.

Asked his opinion on the reported plan for the establishment of silver stabilization committee, entrusted with an equalization fund of $50,000,000, Mr. Yoshida expressed the hope that the so-called equalization fund, although its size is very small, be so used by the committee as to stabilize the market, instead of being used to finance the operations of certain Chinese banks in competition with foreign banks.

Senator Pittman Expresses an Opinion

"Each Government protects its monetary system as it deems convenient for itself," Senator Key Pittman, of Nevada, chairman of the Senate Foreign Affairs Committee, declared when interviewed at Elco, Nevada, in regard to the new customs duties introduced by the Chinese Government on silver exports.

"It is an absolute right of China," the Senator went on, "to restrain her exports of silver as she deems it advisable.

Alleged Chinese Gold Smugglers Held in Japan

A gang of 32 smugglers was arrested by the Hyogo Prefectural Police Oct. 23 on charges of having smuggled Y.2,000,000 worth of gold bullion into China from Japan.

The gang was reported to be headed by Chu I-chang, a wealthy Shanghai merchant, and one Li, a Shanghai exchange broker. Almost all the members of the band were natives of Ningpo, Chekiang. The gang is said to have commenced its operations last June, selling a part of the smuggled bullion to Japanese bullion traders in Shanghai.

Seven-Power Gold Bloc Conference Crowned With Success

The Seven-Power Gold Bloc Conference in Brussels, concluded Oct. 20 with the signing of a protocol affirming the determination of the Governments of Belgium, France, Italy, Luxemburg, Holland, Poland and Switzerland to maintain the present gold levels of their respective currencies and recognizing that their common policy implies the development of international trade.

Exchange Stabilizing Committee Formed with Capital of $100,000,000

A Foreign Exchange Stabilization Committee, with T. M. Hsi, general manager of the Central Bank; Tsuyee Pei, manager of the Bank of China; and Chang Pei-shen, manager of the Bank of Communications, as the standing committee members, was formed in Shanghai Oct 19. The inauguration meeting followed a larger conference convened by Dr. H. H. Kung, minister of finance, at his office in the Central Bank when, besides the three standing members of the Foreign Exchange Market Stabilization Committee, Jian H. Chen, deputy governor of the Central Bank; Li Ming, general manager of the Chekiang Industrial Bank; and T. L. Soong, general manager of the Manufacturers' Bank of China, were in attendance. At the larger meeting, the exchange stabilization fund originally set at $50,000,000 was increased to $100,000,000 by the three banks constituting the Foreign Exchange Market Stabilization Committee; the Central Bank, the Bank of China and the Bank of Communications. Detailed rules and regulations governing the functions of the committee were adopted and the standing committee members designated. The main purpose of the committee is to prevent any violent fluctuations in silver and gold prices as well as to fix the foreign exchange rate in such a way as to prevent exploitation of foreign exchanges.

E. Kann Analyzes Silver Situation

The present silver crisis in Shanghai was caused mainly by adverse trade balances coupled with the flight of capital instrumented by both Chinese and foreigners; the situation is temporary and not serious if no further new measures are taken; the Chinese government acted wisely and with patience in fixing a silver export tax; silver is bound to rise because of the U.S. purchasing scheme; it is not advisable for China at the present time to adopt the gold standard.

These were the cardinal points of a talk before the Shanghai Rotary Club last week on "The Currency Crisis" by E. Kann, authority on Far East exchange and monetary problems.

"First of all," Mr. Kann said in opening his speech, "I am absolutely impartial. I should prefer that this be considered a friendly talk and not a lecture, for I come absolutely unprepared. I will be just as explicit as I can and hope that you will join in the discussion for I feel that many might differ with me.

"It is not necessary to go back to ancient history, but to start with the beginning of the crisis, the world crisis. The crisis which began in China about two or three years ago, was due entirely to the world depression and was no fault of China's. When the world crisis began, commodity prices fell and silver followed."

The crisis wasn't immediately felt in China, Mr. Kann said, but people began to get alarmed when huge stocks of silver flowed into the country and many called for an import duty on silver to prevent dumping. It was the speaker's opinion, however, that the Chinese government should let silver come into China and furthermore, to let silver move freely. This policy was followed by the government with the result that ".....China was spared the horrors of the depression and felt the depression later than other countries." During the past 12 years to 1933, net silver imports to Shanghai from foreign countries and the interior were $515,000,000

China Affected by Actions of Other Countries

In the beginning of 1932 with England and Japan going off the gold standard, the beginnings of currency depreciation started, followed by the U.S.A. in 1933. Since 1932, Chinese commodity prices have been going down so that China was faced with deflation. China did not even keep up her small exports and the situation got worse, even dangerous.

In April, 1934, the export of silver from China set in but, the speaker emphasized, the export has not been as large in amount as is popularly imagined. China holds 2,000,000,000 ounces of silver. From April to September of this year, China lost $200,000,000 worth of silver. This amount, Mr. Kann declared, is not a large amount in view of the large silver holding in China.

But China was faced with seeing the outflow of silver continued and the deflation getting worse. Export of silver meant largely flight of capital from China, yet in acting to check the outflow, the Chinese government has shown a great amount of patience in dealing with the situation facing her. But if the flight of silver continued, China would find that all she would have left would be a paper currency. A week ago $25,000,000 worth of silver had left Shanghai and the government stepped in and placed a restriction on exports.

At the time that China acted, she was faced with three plans. The first was to place a complete embargo on all silver exports. The second, which she adopted, was a graduated and a selected tax scale on exports which, the speaker said, was wisely chosen. The third, the introduction of the gold standard, would have been impossible and is yet impossible at the present time.

Praises Work of Dr. Kemmerer

Mr. Kann then praised the work of Professor Kemmerer of the United States, whose thesis called for the introduction of the gold standard in China later on when it was possible for China to do so. It was Prof. Kemmerer, Mr. Kann remarked, who was instrumental in the adoption here of the Customs Gold Unit, which has proved entirely successful and without which China would have been unable to have met her foreign loan obligations.

The speaker then said that it is almost impossible for China at present to adopt the gold standard. In the first place China does not have sufficient gold, and in the second place, China cannot now obtain enough gold for a secure basis. Mr. Kann then pointed out that the silver in China does not belong to the Chinese government, that 99 per cent of it belongs to the people of China, and that silver at present is too low in price for China to adopt the gold standard. But, and Mr. Kann emphasized this point, America is bound to purchase silver for the next five or six years and to raise the price of silver during this period. The price of sliver, in the opinion of the speaker, may go to 70 or 80 cents in one, two, or three years, and the rise of silver abroad will produce a sympathetic, though not equal, rise here. If and when silver rises, China will be prepared to go on a stable gold basis but not before then.

Mr. Kann then stressed the fact that trade and currency problems are intimately bound together. China has a large adverse trade balance. One way to remedy this situation, and an easy one, would be the prohibition of rice imports, an act which would not work hardships upon the Chinese people and which would aid materially in off-setting the adverse trade balance and in preventing the outflow of silver.

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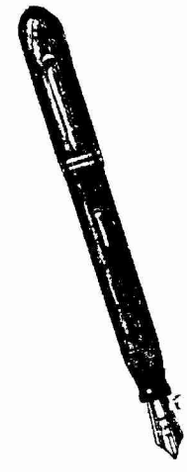

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Regulations Governing Foreign Exchange Stabilization Committees Operation

The following is a translation of the regulations governing the newly established Foreign Exchange Stabilization Committee, which will function in Shanghai :—

1.—The committee shall be organized jointly by the Central Bank of China, the Bank of China and the Bank of Communications, in accordance with the instructions of the Ministry of Finance.

2.—This committee shall have three members, one each designated from the Central Bank of China, the Bank of China, and the Bank of Communications. A chairman shall be elected by and from the members and said election shall be duly reported to the Ministry of Finance for record.

3.—The daily equalization charge shall be fixed by this committee.

4.—This committee, in order to meet the requirements of the market, may request the Central Bank of China to buy and/or sell foreign exchange and gold or silver bullion with a view to stabilizing the foreign exchange market.

5.—This committee may, in time of necessity, request the central bank of China to import or export gold of silver bullion.

6.—The proceeds of the equalization charge on the export of silver shall be handed over to the committee as a stabilization fund. Upon instructions of the Ministry of Finance to the Inspector-General of Customs this fund shall be deposited in a special account with the Central Bank of China.

7.—The committee may make use of the stabilization fund to meet any loss suffered as a result of its operations. Should the fund be insufficient to meet such loss, the Ministry of Finance shall be responsible for the deficit.

8.—The committee shall submit a confidential report of its accounts monthly to the Ministry of Finance for record.

9.—In case of necessity, the committee shall transfer the required number of staff members from the three banks to assist in its operations.

10.—These regulations shall be effective upon approval by the Ministry of Finance.

Impressive Scenes Mark Completion of Tsingtao Shipyard

A ceremony marking the completion of the Tsingtao shipyard was formally held in said city last week in the presence of a gathering of over 1,000 persons. Besides the Government officials and representatives of the various public bodies, the foreign consulate officials and commanders of foreign gunboats were also present. Mayor Shen Hung-lieh, who presided, delivered the opening speech, laying special emphasis on the importance of the dockyard to shipping in North Ghina. He also reported on the preparations and construction work of the Dock.

Speeches were also made by representatives of the National Government and delegates of President Wang Ching-wei, General Chiang Kai-shek, General Huang Fu and General Ho Ying-chin. Mrs. Shen Hung-lieh formally opened the enclosure. Mayor Shen entertained the guests at dinner in the evening.

Power Plants Receive Certificates for Good Results

Certificates of Commendation have been issued by the National Reconstruction Commission to 10 Electric Works in various parts of the country for excellent results achieved during the 22nd years (1933), it is announced. The awards were made by the commission after reviewing the work of 179 electrical works in the various provinces, in accordance with the provisional regulation governings encouragement of private-owned public utility enterprises (announced in 1930). Of the 179 electric works which submitted their annual reports for 1933 to the commission for examination, 7 were rated first-class electrical works; 22, second-class; 56, third-class; and 94, fourth-class. The recipients of certificates of honor are :

1st Class : The Hangchow Power Company, and the Chapei (Shanghai) Electricity and Waterworks.

2nd Class : The Pootung Electric Supply Company and the Soochow Electric Works.

3rd Class : The Suiyuan Power Company, the Waiyu Electric Works (Shansi), the Minghua Electric Works at Pinghu (Chekiang), the Taichi Power Company at Quinsan (Kiangsu), the Huaming Electric Works at Kiangyin (Kiangsu) and the Changshu Electric Works.

Shanghai Merchants Oppose New Kwangtung Tax

Opposition to the plan of the Kwangtung Provincial Department of Finance to impose a so-called "protective tax" on all products, including manufactures imported from other provinces, is registered by the Shanghai City Chamber of Commerce, in a circular telegram to the Executive Yuan, the Ministry of Finance, and the Kwangtung Provincial Government.

The telegram points out that, according to the revenue system of the Government, no tax, except the interport Customs duty and the Consolidated Tax, should be imposed on products of circulation in various parts of the country, since the abolition of likin.

The message recalls that a law was mooted by the Kwangtung Provincial Government some time ago for the imposition of a special tax on products imported from other provinces, with a view to protecting the interests of the producers of Kwangtung. This plan was, however, dropped upon the protest of various commercial guilds in Shanghai.

Reports from Hongkong, however, state that the Kwangtung Provincial Department of Finance has now decided to impose a "protective tax" on all products, including manufactured products, imported from other provinces, as from January 1, 1935, the message continues.

This plan, if carried out, would not only be contrary to every principle of economics, but also disastrous to domestic industries. Since the nation was beset with the grave (Japanese) emergency, the only markets for the native factories of Shanghai are in the Yangtze Valley and the Southern Provinces. The imposition of a protective tax by the Kwangtung Provincial authorities would further limit the market for native products, especially manufactured goods.

If the example of Kwangtung should be followed by other Provinces, the message warns, the effect would prove equally disastrous to the merchants of Kwangtung. The Kwangtung Provincial Department of Finance should, therefore, immediately drop the alleged scheme for the imposition of the illegal levy, and cooperate with the rest of the country for mutual prosperity.

New Minister of Justice Favors Early Abolition of Extraterritorality

CHU CHENG, President of the Judicial Yuan, who has assumed the concurrent post of Minister of Justice in succession to Dr. Lo Wen-kan, seeks the abolition of extraterritoriality "so as to elevate the Chinese people to the plane of equality with other nationals in matters of law." The existence of extraterritoriality, he says, is one of the most singular phenomena in the twentieth century. Mr. Chu goes on to advocate the training of more judges, the improvement of the efficiency of the law courts, and the betterment of the prisons.

In a short, pithy speech delivered at the Sun Sat-sen memorial service of the National Government, Oct. 22 expressing his views on the responsibilities of the judiciary and his hopes for reforms, Mr. Chu stated that they should strive their utmost towards the goal of extrality abolition, so as to elevate the Chinese people to the plane of equality with other nationais in matters of law.

Turning to the question of the purpose of law, Mr. Chu declared that it is not only for the purpose of government, but also for moral discipline, saying that it is only when law is regarded as a disciplinary standard, that it attains its highest function.

Therefore, aside from administering legal cases, the Courts should, Mr. Chu emphasized, also take up the responsibility of instructing and training the people in their legal obligations. In other words, Mr. Chu explained, the proper function of law lies not only in negatively preventing the criminal acts of the people, but also in positively heightening their moral endeavor.

Continuing, Mr. Chu pointed out that there is no denying of the limitation of law. Severity of law might not be an effective prevention of crimes. Where law fails, moral and a spiritual reformative measures may work better success; but for its own improvement and timely suitability, law should be frequently revised with the evolution of society in view, Mr. Chu opined.

The existence of extraterritoriality in China, Mr. Chu criticized, is one of the most singular phenomena in the 20th century. If there is anything unequal in international relations, this, Mr. Chu declared, is the most. In view of its evil, we should exert our utmost efforts for its early abolition; and to attain this end, we should improve our present judicial system.

One of the greatest defects in the present system, Mr. Chu pointed out, is that, in most hsiens, or districts, in the country, the magistrates are still responsible for judicial affairs. To eradicate this defect, Mr. Chu opined, more judges should be trained and, in the meantime, the law courts now in existence should be made more efficient and better organized. With regard to the improvement of the management of prisons and the promotion of work among the criminals, these should also be carried out promptly, Mr. Chu concluded.

Furs Rank First In China's Export Trade

Surpassing silk and tea, furs rank first in China's export trade in the first half of 1934, amounting to $23,260,000, according to the Foreign Trade Bureau here. The same source reveals that over 20,090,000 Haikwan gold units worth of rice had been imported in the first half of 1934, showing a decrease of over 30,000,000 Haikwan gold units, as compared with figures of the corresponding period of last year. Due to floods and droughts which prevailed throughout the country not long ago, it is predicted that the importation of foreign rice for the autumn months will be greatly increased.

Up to the time of the lopping off of Manchuria from China beans and bean products headed the list of exports from China.

Chinese Bank Director Arrested--- Ministry to Check up on Reserves

All Chinese banks in Shanghhai which have failed to register with the Ministry of Finance and which do not have sufficient reserves will be closed, according to instructions sent to the Bureau of Social Affairs and the Chinese Bankers Association in Shanghai by the Ministry of Finance. In the order to the Bureau of Social Affairs of the Municipality of Greater Shanghai, the Finance Ministry instructed that an investigation be made of the total number of small Chinese banks which have not registered with the Ministry of Finance and that these be at once notified to comply with the regulations governing registration. Meantime, the Chinese Bankers Association in Shanghai has been instructed to investigate as to the financial soundness of unregistered banks and as to whether they have sufficient cash and property reserves to safe guard depositors and other creditors.

Industrial Bank Director Charged with Fraud

S. H. Loh, a director of the Industrial Bank of China, was arraigned before the First Special District Court Oct. 22 on charges of fraud in connection with the closing of the bank. He was arrested at the request of Mitsui Bussan Kaisha for failing to pay an outstanding debt amounting somewhere around $10,000 which was alleged to have been obtained by Lu in the name of the Industrial Bank of China.

Mr. Loh (Loh Shih-hou) was a part owner of the Plaza Hotel, part owner and founder of the Auditorium, where Hai-Alai is now played, and a leading shareholder in the Great World amusement resort. He was also one of the leading spirits in the trotting venture at the Yin Hsiang Ziang Race Course, which the Chinese authorities effectively suppressed by refusing to grant a licence for pari-mutuals.

Depositors in the Industrial Bank of China on a recent morning found a notice posted outside the bank that the institution had been closed, owing to what it described as the "absconding of Chen Bao-yuan, manager." Debtors were requested to register with the lawyer who posted the notice, T. Chang, within a period of two weeks.

Organized in 1925 in Hankow by Messrs. Sun Tan-ling and Kao Hungen, secretaries to Gen. Wu Pei-fu, the bank had been re-organized twice before its head office was removed to Shanghai from Hankow. It had seven branch offices, two being in Soochow, one in Hankow, one in Sunkiang and the other three in Shanghai.

Foreign Wives of High Chinese Officers Reportedly Banned

The *Modern Daily News*, which true to its name, stresses all angles of "modern" developments in China, has came forward with a "scoop" story that might prove shocking to women of many nationalities interested in China affairs. The story reads:

"Chinese military officers and diplomatic officials in Europe and America are in the habit of marrying foreign girls. The Chinese regard the home as being more important than their country. After such marriages, it is only natural for them to reveal to their wives all important information relating to military and diplomatic affairs. The foreign wives love their own respective countries in spite of the fact that they are married to Chinese and they will transmit this information to the governments of their own countries.

"Recently Koo Meng Yu, minister of railways, Tseng Chung Min, vice-minister of railways, and Tang Yu Jen, vice-minister of foreign affairs, submitted a petition to the Executive Yuan requesting it to issue an order prohibiting military officers and diplomatic officials from marrying foreign girls. The Executive Yuan has accepted the proposal and will promulgate measures to deal with this question.

"The measures will stipulate that those military officers and diplomatic officials who have foreign wives must divorce them within seven months from the date of the promulgation of the order, failing which punishment will be meted out to them.

"When the order is promulgated, many sad partings between a number of military officers and diplomatic officials and their foreign wives will be witnessed."

Maj.-Gen. Parker Reviews U. S. Marines—Is Entertained by Geo. J. McCarthy

The U. S. Marine forces in Shanghai were reviewed by Maj.-Gen. Frank Parker, Commander of the Philippine Department of the U. S. Army at the Race Course Oct. 23. Maj.-Gen. Parker, unofficially passed through Shanghai after a holiday spent in North China and Japan. George J. McCarthy, assistant general passenger agent of the Robert Dollar Company, entertained Maj.-Gen. and Mrs. Parker, Miss Parker, Col. Beaumont, Capt. Ahlin of the *s.s. President Coolidge*, Mrs. Dorothy Lee Ward of Manila and other guests at a tiffin at the Cathay Hotel.

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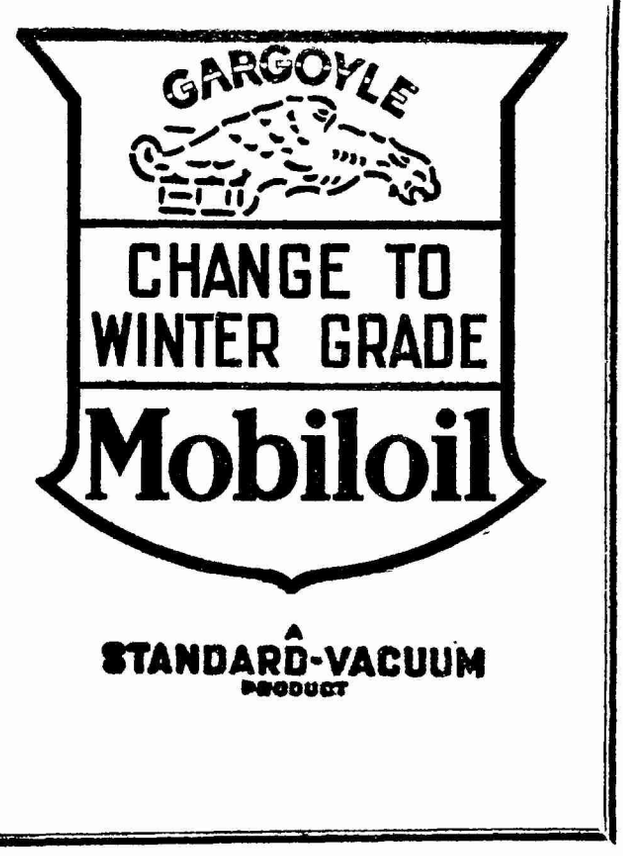

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Preliminary Naval Conversations Are Started in London

THE preliminary disarmament negotiations opened in London Tuesday, October 23, with a meeting between British and Japanese delegates. The Japanese delegates in London came to a decision not to publish its proposals during the preliminary discussion. A plan for simultaneous publication of Japan's naval proposals in London and Tokyo was dropped. Press representatives are not admitted to the Japanese-British discussions at No. 10 Downing Street. Japan's proposals to determine the maximum global tonnage for the three great Powers are expected to be approved by Great Britain. The British delegates are understood to oppose the Japanese suggestion for the abolition of aircraft-carriers, because these are considered necessary to defend Britain's scattered colonies and dominions. It is understood that America is not pressing for a discussion of Far Eastern political questions.

Disagreement between Japan, Great Britain and the United States over battleship tonnage is one of the major problems facing the naval delegates to the conference. It is recalled that this issue caused a serious rift in the naval conversations held in London last July. The British insisted that the maximum battleship tonnage be reduced from 35,000 tons, as at present, to 25,000 tons, whereas United States insisted that the present 35,000 tons should be retained.

America May Partially Accept Japanese Global Tonnage Plan

The possibility of fulfilling Japan's demands for naval parity by recognizing the necessity for equality in security and at least partial acceptance of the Japanese global tonnage plan was hinted at in Washington Oct. 18, by high United States naval authorities. In the limitation of navies of the great sea powers on a basis of 100 per cent security, according to these experts, Japan would be credited with 35 per cent special security owing to the impregnability of her geographical isolation, in comparison with Great Britain's proximity to Europe and the exposure of the United States to both Britain and Japan. The remaining 65 per cent of Japanese security would consist of fleet strength, which, under the global tonnage system, Japan could allocate to vessels of categories suitable to her individual requirements. The United States and Great Britain, lacking the element of geographical security, would attain equality with Japan with 100 per cent strength in their fleets.

The actual effect upon the sea strength of the three great powers, should such proposals be adopted would be to grant Japan a 5 per cent increase in vessel tonnage in relation to the tonnage of the United States and Great Britain, inasmuch as the ratio is now five ships for the Western powers to three for Japan. Britain, however, opposes the global tonnage limitation plan, but it is thought that she might agree to a partial bilateral category limitation as the principal settlement of the dispute over 8-inch and 6-inch gun cruisers.

United States naval authorities, it is learned, strongly favor the global tonnage limitation proposals put forward by Japan. It is felt that the global plan would permit the United States to devote its entire tonnage allotment under any treaty which might be reached to the construction of larger vessels with greater cruising range, which would be more suitable to the defense problems of the country in view of its extensive seaboard and territorial extremities.

American Conditions Different from European

The United States Navy Department Oct. 20 issued a descriptive statement regarding its fleet policy with particular reference to the warship types. The statement declares that battleships still remain the premier offensive ship in modern warfare and minimizes the importance of aerial warfare at least insofar as the United States is concerned.

Using the famous football phrase, "The only defence worth the name is a strong offence," the Navy Department hints strongly that it is opposed to drastic reduction of battleship tonnages for the battleship is the strongest arm of naval defence "especially to the United States which is separated by 7,500 miles from the more probable theatre of combat," referring to the Far East.

The Navy Department discounted the popular conception of the superiority of naval aerial warfare, suggesting that its effectiveness is still unproved and undependable because of the susceptibilities of weather and other factors. The idea of swarms of aircraft attacking and destroying overseas cities is highly visionary. Success of such an attack would require extensive bases near the point of attack.

European nations are confronted with an entirely different situation, the statement said. A dozen nations huddled in close proximity require the very strongest aerial defence and offence but the same is not true of the United States.

"Aviation does not represent to us or to Japan even the vital dominating factor it does to the European nations," the statement said, while at the same time asserting that United States naval aviation exceeds in personnel and material any other nation in the world.

Japan Offered Aircraft Carriers

Japan's effort to secure the abolition of aircraft-carriers is one of the crucial issues in the naval talks. Japan desires the scrapping of all airplane-carriers afloat and wants a pledge to desist from building new craft of that type.

Admiral Suetsugu Speaks

"If the United States is building warships to the extent specified in the treaty concerned, an equivalent naval strength is absolutely necessary for Japan," declared Admiral Seizo Suetsugu, commander-in-chief of the Combined Fleet, which arrived in Osaka last week.

Admiral Suetsugu declared that should the preliminary negotiations break down, there will be no construction race, since great industrial capacity is needed for that purpose.

"The United States" said the Admiral, "is a self-sufficient nation, and a large fleet is not necessary for her. War with the United States will not occur unless Japan provokes her."

Admiral Suetsugu deplored dangerous economics in armament expenditures.

"I hope the public will have confidence in the authorities. The worst thing would be the conclusion of an absurd treaty."

Seiyukai and Japan Navy Program

Mr. Suzuki, President of the powerful Seiyukai Party, declared Oct. 21 that the party fully approved of the Government's naval program, including termination of the Washington Naval Treaty and adoption of a new agreement suitable to the existing conditions. On a number of other points, however, Mr. Suzuki criticized the present Cabinet. He asserted that Premier Okada was lacking in political sagacity.

Hector C. Bywater, the London *Daily Telegraph's* naval expert, recently wrote as follows:—

"If the reported intention of the United States to evacuate the Philippines and withdraw its naval forces to Hawaii is actually carried out, the principal cause of armament rivalry with Japan will disappear, for the two fleets would be so far apart as to render battle contact all but impossible. Such a development would materially weaken the Japanese case for still larger navy, since she would then be left in unchallenged command of the Western Pacific. As every student of strategy is well aware, Japan's mastery of her own waters is already absolute. Nevertheless, the presence of an American squadron at Manila is always a convenient pretext for Japanese big-navy propaganda."

Aleutian Islands Should Be Fortified

The United States Government should take immediate steps to prevent the possibility of attacks from the Far East by fortifying the Aleutian Islands, Lieutenant-Commander Frank Hawks, U.S.N.R., told the Aviation Commission in Washington, Oct. 19. Mr. Hawks, who recently spent several weeks in China demonstrating airplanes to the Chinese National Government, was called upon to testify before the Commission regarding defensive air measure which should be taken by the United States. He declared it was just as important for the Government to fortify the Aleutian chain off the Alaskan coast as the Philippine Islands or the Hawaiian Islands.

"With flying equipment in its present state of advance, I can fly from Tokyo or from Shanghai to New York City in 48 hours," he said. "If the United States had any enemies in either the Orient or Russia, the same performance could be duplicated.

"Japanese fliers wouldn't care if they ever returned after such a flight. There are plenty of young Japanese warriors who would willingly sacrifice their lives for the chance to destroy our New York skyscrapers."

Officers of the Sikorsky Corporations which is building the huge flying boats to be used in the trans-Pacific flights of the Pan-American Airways Corporation told the Aviation Commission at the hearing that regular trans-Pacific mail and passenger service is only a few months off.

Soviets Become Member of Red Cross League

The U.S.S.R. was unanimously elected a member of the League of Red Cross Societies at Tokyo Oct 18. The board of Governors, adopted a resolution inviting the alliance of the Red Cross and Red Crescent Societies of the Union of Soviet Socialist Republics to the League, thus bringing the total membership of the League to 61.

Tokyo Mass Meeting Asks Naval Equality

The Seiyukai, the largest political party in Japan, held a Party convention at Nara and uuanimously adopted a resolution for the conclusion of a new Naval treaty based on the principles of equal armament by terminating the Washington Treaty. A mass meeting of Tokyo citizens was also at Ueno Park when similar resolutions were adopted and presented to premier, Okada, Foreign Minister. Mr. Hirota and Navy Minister, Osumi.

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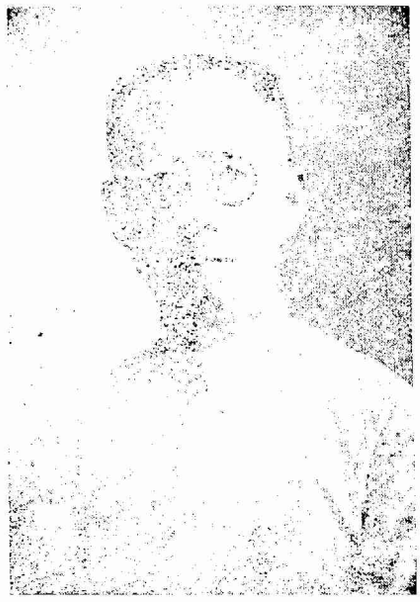
Who's Who in China

Cheng Shih-kuei, Government official; born at Sing-Gien, Kiangsi, August 24, 1889; was graduated from the High Normal School, Tokyo; received M. A. degree from Columbia University, New York; principal, the Kiangsi First Middle School at Nanchang; professor, Peiping National Normal University and director of the Experimental Middle School, Peiping; head, Department of Education, Great China University, Shanghai; professor, National Central University and head, Division of Public Education of Kiangsu; member of the Fukien Provincial Government and concurrently Commissioner of Education; now, member of the Kiangsi Provincial Government and concurrently Commissioner of Education; author of the following books: "San Min Chu I and Education," "Special Education: Its Meaning and Practice" and numerous articles in current periodicals; address: Department of Education, Kiangsi Provincial Government, Nanchang, Kiangsi.



程時煃
Cheng Shih-kuei

程時煃，江西新建人，生於一八八九年八月四日，日本東京高等師範畢業，美國哥倫比亞大學碩士，歷任江西省立第一中學校長，國立北京師範大學教授兼附屬中學主任，上海大夏大學教育科主任，國立中央大學教授兼大學行政區普通教育區處處長，前任福建省政府委員兼教育廳長，現任江西省政府委員兼教育廳長，三民主義與教育及特種教育的涵義與實施，江西省教育廳。

Pitfalls in the French Language

Apropos the article on "Shanghai as a Language Study Center" in the Oct. 13 issue of *The Review*, a correspondent sends us the following as the sample of a conversation between an American and a Frenchman who were exchanging lessons (extracted from "The Margin of Hesitation" by Frank Moore Colby). It is to be understood that the American's remarks are literal translations of his "French":

"It calls to walk," said he, smiling brilliantly.

"It is good morning," said I, "better than I had extended."

"I was at you yesterday ze morning, but I deed not find."

"I was obliged to leap early," said I, "and I was busy standing up straight all around the forenoon."

"The book I prayed you send, he came, and I thank, but positively are you not deranged?"*

"Don't talk," said I. "Never talk again. It was really nothing anywhere. I had been very happy, I reassure."

"Pardon, I glide, I glode. There was the hide of a banane. Did I crash you?"

"I noticed no insults,"* I replied. "You merely gnawed my arm."

"Gestures and smiles of perfect understanding."

*The humor of this is that "deranger" in French means to inconvenience; "injurier" means to insult. Those who know the French language will see similar pitfalls in every line of the above extract.

The world "defiler" in the "Latin" languages has the sense of things being in a row—as in "English," single file. The "Latin" translators frequently slip up on it. Thus, in an official agricultural publication distributed some years back by the local Spanish Consulate General, there was a picture of a "string" of donkeys. Above it was this amazing caption: "Defiling of donkeys at the Andalusian Exhibition."

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Men and Events

J. B. Powell, editor and publisher of the *China Weekly Review*, and special correspondent for the *Chicago Tribune* for almost two decades—who departed from Shanghai on a trip to Russia end of August—is, according to last reports, still in Moscow, deeply engrossed in his newspaper work. The latest word from Mr. Powell was brought to Shanghai during the week by Hugo Miller, who represents Ginn and Co., American book publishers in the Far East. Mr. Miller stopped here for a few days on his way to Manila. Mr. Miller left the Russian capital Oct. 3 and stopped over in Mukden several days.

P. K. Au, manager of the London branch of the Sincere Company, is a visitor to Shanghai.

The death occurred in Shanghai Oct. 20 of Max Friedman, a resident of China for more than three decades.

The Chinese-owned Johnson taxi service in Shanghai is suspended as the result of the chauffeurs going on strike.

Lawrence Salisbury, of the American Legation, who has been travelling in central China, has returned to Peiping.

Colonel Frank J. Griffin, retired U.S. Army officer, passed through Shanghai on his way to Manila during the week.

Mr. and Mrs. R. S. Greene of the P.U.M.C. and their son and daughter have returned to Peiping from America. Mr. Greene has in the meantime resigned.

Ernest K. Moy, well-known Shanghai banker and a former newspaperman, has returned to Shanghai after a trip to the United States.

Remittances to China made this year by Shantung merchants in Harbin will total approximately $5,000,000, Japanese reports state.

Mrs. A. E. H. Burn, wife of the manager of the American Express Co., is at present in the P.U.M.C. where she is convalescing from a slight operation.

Dr. Hawks Pott of St. John's University delivered an address before the Shanghai Rotary Club Oct. 25 on "Changes in Shanghai During the Past Fifty Years."

The Wing On Finance Corporation will open its first branch office at the intersection of Avenue Joffre and Rue Chapsal in Shanghai the beginning of next month.

Funeral services were held in Shanghai Oct. 22 for the late Mrs. Christina Antonia Davis, wife of F. W. Davis, of the Peacock Motion Picture Company, Inc.

Mark J. Ginsbourg, who recently arrived in Shanghai from the United States, has been appointed special correspondent in the Far East for the *Washington Post*.

T. Patrick Givens, deputy commissioner of the Shanghai Municipal Police, returned to his duties during the week, coming from Ireland via the United States.

J. V. Crowe, manager of the Shanghai Branch of the Ford Motor Company, has returned to Shanghai with Mrs. Crowe, after spending home leave in the United States.

Dr. Frank W. Lee, newly-appointed Chinese Minister to Portugal and former envoy to Warsaw, presented his credentials to the President of Portugal in Lisbon, Oct. 23.

Dr. William Cooke, formerly of Sheffield University, has recently arrived at Tientsin and joined the faculty of Peiyang University as Professor of Mining Engineering.

Clarence J. Spiker, First Secretary of the American Legation, passed through Shanghai during the week on his way to take up his new post as U. S. consul-general in Canton.

Dr. Y. H. Tsao, the new principal of the Shanghai Y.M.C.A. Schools, has arrived in Shanghai from Hongkong and commenced his duties at the school buildings on Szechuen Road.

Dr. Toyotaro Suhara, recently attached to the Port Arthur regineering college, is reported to have completed a new photographic apparatus which is capable of 63,154 exposures in a single second.

Stuart B. Dunlap, manager in China for the Metro-Goldwyn-Mayer motion picture company, has returned from Yokohama where he joined his wife who was returning from a pleasure visit in the United States.

The reason so few babies are being born nowadays, declares Prof. F. Crew, British biologist, is because the world is not a fit place for children. Worse than that, it is barely a fit place for their elders.—*Boston Globe*.

Dr. S. Wan, who recently resigned his post as Associate in the Department of Biochemistry of the P.U.M.C. has gone to Nanking to take up a post as specialist in nutrition of the Central Field Station, National Economic Council.

The universal use of the English language was praised as a practical road to international peace at the 11th annual conference of English teachers which opened a three-day session at the Tokyo University of Literature and Science Oct. 18.

Edward S. Cunningham, U. S. Consul General in Shanghai had as his guests Oct. 23: Paul R. Josselyn, newly appointed Consul General at Hankow; Charles L. Hoover, Consul-General at Hongkong, and Clarence J. Spiker, Consul-General at Canton—four out of the five Consuls General in China being gathered together at one time.

William W. Lockwood, jr., a graduate of the Shanghai American School, and Miss Virginia Chapman were married in Portland, Maine, Oct. 23.

The Dollar liner *President Madison* was torn from her moorings in Seattle harbor Oct. 21 by a terrific gale and as a result first crashed into the freighter *Harvester* and then into the *Virginia V*, both of which were sunk. Nine lives were lost.

Yu Ching-tang, Provincial Commissioner of Civil Affairs for Kiangsu, received a delegation from 2,000 boatmen at Chinkiang last week who asked the Provincial authorities for maintenance of their livelihood which depends on the transportation of salt by junks.

The Canadian Pacific's 21,500 ton liner *Empress of Canada* was berthed on the Shanghai side of the river for the first time Oct. 21, this having been made possible as the result of dredging operations conducted by the Shanghai and Hongkew Wharf Company.

Eric Dudley Thunder, Peiping exchange and share broker, was sentenced in Tientsin, Oct. 22 by Judge Mossop in the British Supreme Court to 18 months' imprisonment after pleading "guilty" to an indictment on three counts of misappropriation and conversion.

Now that a final decision has been made on the administrative reform issue in Manchuria, general speed-up of railway service is to be effected, starting next month, with the benefit of express service extended to 3rd class passengers.

Miss Agnes Smedley, German-speaking American newspaperwoman and author, returned to Shanghai during the week from the United States where she published a book, "The Red Army Marches," and contributed articles to various magazines, the most recent appearing in the *American Mercury*.

The Charity Ball organized by the Russian Benevolent Society and by the Union of Russian Army and Navy Men, which was to have been held on October 10, did not take place because of the assassination of King Alexander I of Yugoslavia. It has been postponed to Wednesday, October 31, and will be held in the Canidrome at 9 p.m.

The dedication ceremony was held Oct. 21 at the hall of the Chinese Y.M.C.A. Boulevard de Montigny, Shanghai, in memory of the late Tsao Shih-keng, the first Chinese general secretary of the Chinese Y.M.C.A., who passed away about six years ago. More than 300 persons were in attendance. Dr. C. T. Wang, former Foreign Minister, was the principal speaker.

P. S. Gilman was re-elected president of the American Club at the annual meeting Oct. 18. J. C. Breen and W. M. Simmons were also selected to continue as vice-president and hon. treasurer respectively and W. I. Fronk as hon. secretary. Two new members elected to serve upon the general committee were C. L. Conrady and C. J. Smith. Other members of the committee include, Carl Crow, G. F. Shecklen, and F. J. Twogood.

Commissioner Alfred J. Benwell has returned to China from attending the Salvation Army High Council in London. Before returning to his Headquarters at Peiping, the Commissioner will go South. He has been charged by General Higgins with the responsibility of making a first survey and report, preliminary to the commencement of the Army's work in South China, which has been decided upon for 1935.

An impressive observation of Navy Day on Oct. 27 is being planned by units of the United States navy and marine corps now in Shanghai. Some of the ships here, including the destroyer *Edsall* and the tender *Black Hawk*, will be open for inspection from 1 until 4 o'clock in the afternoon. Each year on the birthday anniversary of the late Theodore Roosevelt, Navy Day is observed by American sailors and marines in whatever part of the world they are stationed.

Dr. H. W. Wade, Medical Director of the Leonard Wood Memorial for the Eradication of Leprosy, was the guest of the directors of the Chinese Mission to Lepers at the Bankers Club in Shanghai Oct. 21. Dr. F. C. Yen, president, was in the chair, and among those present were Dr. H. J. Cole, Dr. James L. Maxwell, Dr. F. Reiss, W. Yinson Lee, D. E. S. Tyau, P. K. Chu, Loh Pa-hong, J. C. Lind, Mrs. T. K. M. Siao, Miss Maud Yen, Dr. W. K. Ting, Dr. D. G. Lai, Dr. W. Y. Chen, James Chao and Mr. Kao.

Clark H. Minor, president of the International General Electric Company, and an old time Shanghai industrialist, on his first visit since 1921, is in Shanghai. Mr. Minor, accompanied by Mrs. Minor and V. Meyer, president and general manager of Andersen, Meyer and Company, Ltd., arrived from the United States recently on the *Empress of Canada*. Mr. and Mrs. Minor are staying at the Cathay Hotel. Mr. Meyer is recuperating at the Country Hospital from an attack of pneumonia contracted on board ship. Mr. Meyer is a Dane by nationality, but has developed the largest American engineering and electrical distribution concern in China.

A party of American newspaper editors and publishers visited Shanghai Oct. 18 and 20. The party consisted of eleven members. They are C. T. Cameron, owner and publisher of the *San Francisco Chronicle*, and Mrs. Cameron; J. R. Drummond, representative of the *Christian Science Monitor*, and Mrs. Drummond (who stopped at Nanking for one day, Oct, 19); Elzey Roberts,

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publisher of the St. Louis *Star*, and Mrs. Roberts and their son, Master Roberts; Mr. and Mrs. Newcomb; C. Binder, of the *Chicago Daily News*, and Miss Tobin. During their sojourn here, they were entertained at a reception and dinner by Dr. H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, and Mayor Wu Te-chen of the Greater Shanghai Municipality.

The prosecution of eight members of the crew of the s.s. *President Jefferson* collapsed in the U. S. Court for China Oct. 23. They were charged with assaulting certain other members of the crew. The evidence showed that the alleged offense was committed while the ship was tied up at a wharf in Yokohama, and the Court upheld the contention of the defense that the Court would only have jurisdiction in case the assaults had been committed on the high seas. Feltham Watson, the newly appointed district attorney, with the permission of the Court, appointed Dr. George Sellett, former district attorney, to assist him in preparing a fresh information.

⁂

Canidrome Fund Robbery Case Still Undecided

The $12,000 robbery incident at the office of Seth, Mancell & McLure in Shanghai several months ago will not "down." The money, it will be remembered, was intended for the Canidrome and the loss fell on Chow Ching-king, the compradore. The four robbery suspects, three Chinese youths of well-to-do families, and Dr. Tang Ching-ngo, a German-trained Chinese physician, were apprehended shortly after the robbery. The suspects were later accused in the Second District Court of robbery charges. They were, however, found not guilty after many sensational trials and were ordered acquitted by the court. Dissatisfied, the French police filed an appeal in the appellate court on behalf of Chow.

The Third Branch Kiangsu High Court, Oct 22 ordered a personal enquiry to be conducted at the scene of the robbery. Accompanying the French police, officers of the High Court set out to the offices on Avenue Edward VII with a chart showing the offices leading to the scene of the robbery, with house elevations, windows and doors, and a reconstruction in detail of the armed perpetration was carefully made by many witnesses including the complainant, Chow. The appeal hearing of the case was remanded sine die pending further summoning of witnesses by the appellate court.

Drug Manufacture in Far East—A New World Danger

Illicit traffic in drugs is still flourishing and one of the gravest aspects of the problem is the beginning of clandestine manufacture of drugs in the Far East. This statement was made by Sir Malcolm Develingne, who was the British representative on the Opium Advisory Committee of the League of Nations, in his Norman Kerr Memorial Lecture to the Society of the Study of Inebriety in London recently.

"The trade," Sir Malcolm said," is far too lucrative to be lightly given up. Many traffickers working individually or in gangs have been put out of action, but others escape through the meshes of the law.

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Mrs. Berry is now not only a keen cyclist, but a fine swimmer also. If you too are run down through illness, lack life and spirit, suffer from headaches, aches and pains in the limbs, lack of appetite, indigestion, or other maladies attributable to impure weak blood, Dr. Williams' Pink Pills are the tonic you need,

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New Books of Interest in the Far East

China as Viewed By Western Story-tellers

River Supreme, by Alice Tisdale Hobart; published by Bobbs-Merrill Company, Indianapolis, Indiana, U.S.A. 315 *pages.*

Salt Winds and Gobi Dust, by Captain John W. Thomason, Jr. of the U.S. Marine Corps; published by Charles Scribner's Sons, New York City, U.S.A. 326 *pages with* 34 *full-page illustrations by the author.*

Her publishers have done Mrs. Hobart a distinct disservice by reviving *River Supreme* which was originally published in 1929, prior to her *Oil For the Lamps of China*, under the title of *Pidgin Cargo*. Further, Mrs. Hobart is doing herself a disservice by announcement that *River Supreme* is to be regarded as the first of a series of four novels about foreigners, particularly Americans, in China, with the second book of the series being *Oil For the Lamps of China*. For, while *Oil For the Lamps of China*, which this reviewer discussed in this place not long ago, is a really splendid novel that compares favorably with the best works of Mrs. Peal Buck, *River Supreme* is tripe that is only slightly above the level of *Charlie Chan* or *Fu Manchu*.

In reviewing *Oil For the Lamps of China*, it was pointed out that Mrs. Hobart displayed no understanding nor appreciation of the Chinese comparable to that of Mrs. Buck, but that her central theme —the foreigner in China—was woven well and honestly; and it is a theme that is not only worthy of writing about in the fictional form, but one that so far as this reviewer is aware had never before been employed with any degree of artistic success. In *River Supreme* —which is the Yangtsze—Mrs. Hobart uses the same theme, the central character this time being Eben Hawley, an American mariner, who is a pioneer in steam navigation through the gorges between Ichang and Chungking.

The subject is assuredly an intriguing one, but none of Mrs. Hobart's characters—foreign nor Chinese—is at all convincing, least of all Captain Eben Hawley. He is entirely too purely the pioneer to be real; profits of the Yangtsze rapids shipping seem to be wholly subordinated to a desire to conquer nature as represented by the treacherous gorges. Now, it is true that the pioneering, or adventuring, spirit has frequently been *almost* as pronounced factor in bourgeois expansion—especially on the imperialistic front—as the motives of the counting-house. Further, imperialistic pioneers have frequently had to fight the caution of the counting-house, as in the case of Captain Hawley, but where they have achieved even the ephemeral success of Captain Hawley, they have been much more "practical," as the lords of the counting-house would phrase it, than he was. Aside from this aspect of Captain Hawley, he still does not ring true to this reviewer, who knows considerable about the psychology of mariners from first-hand experience with them. The mad Captain Ahab of Melville, or even the Wolf Larsen of Jack London, are understandable types, although the reviewer has never met one of them in person, but Captain Hawley cannot even be explained by the bump on the head from which he was recovering when the novel begins.

Unlike in *Oil For the Lamps of China*, where a balanced picture of Sino-foreign interactions is presented, Mrs. Hobart displays a pronounced anti-Chinese bias in *River Supreme*. This is set forth, for example, by such a half-truth as "one could never afford to be weak among Orientals." One can never afford to be weak anywhere, —especially if one is an alien among people whose customs and traditions one is defying. Also, in the latter part of the book, the Wanshien incident of 1926 is presented in much the same way that *Reuter* first reported it,—without mention of the bombardment of the city by British gunboats and the consequent massacre of some 2,000 persons. (Only the half dozen British casualties were publicized in *Reuter's* initial accounts.) Nor does Mrs. Hobart tell of the British gun-running activities that appear to have been responsible for the episode. Nor is there mention of a previous incident at Wanshien when a British gunboat capitain demanded (and obtained) the execution of either innocent or guilty persons as blood-recompense for the death of an American in a fight with some boatmen.

Whether the tremendous superiority of *Oil For the Lamps of China* over *River Supreme* indicates a definite advance of Mrs. Hobart in the art of story-telling remains to be seen. It cannot be ignored that she was the wife of an oil agent in China, and hence *Oil For the Lamps of China* may be merely a fictionized presentation of the warp and woof of her own being. Such a presentation, if sufficiently thorough-going and honest, is inevitably, when well written (and Mrs. Hobart writes well), first-class literature. The *real* life of any human being, whether in Canton, China, or Canton, Ohio, is ever worth reading about. In Mrs. Hobart's case, the difference between *River Supreme* and *Oil For the Lamps of China* seems too immense to be entirely accounted for by pure literary development, but only her future works will definitely reveal whether she is a great novelist, or merely the author of a great autobiographical novel.

Turning now to Captain Thomason's book, which is a collection of short stories ranging from northern China to France and Latin America, surprise may be expressed that it was ever written at all. The United States Marines are famous for many things, but heretofore literature has not been one of them. In fact, a literary work by a marine might well remind one of Dr. Johnson's comment on preaching by women: it is like dog walking on its hind legs, for it is not done gracefully nor well, a but one is surprised to see it done at all.

However, Captain Thomason writes both gracefully and well, but his stories are more interesting than illuminating insofar as character depiction or the tragi-comedy of life is concerned. Many of the stories included in the book under review appeared originally in *The New Yorker*, and they are concocted in conformity with the formula of smartness that characterizes that magazine, although they are generally much superior to the made-to-order fiction that usually flanks its really brilliant non-fiction commentaries. In fact, one of Captain Thomason's stories—*The Missionary's Daughter*—that originally appeared in *The New Yorker*, breaks the bounds of smartness to enter into the literary realm of real revelation. A genuine glimpse is here given into the lives of those who would save the souls of the heathen Chinese.

Generally, though, the China stories of *Salt Winds and Gobi Dust* are merely the glorified cocktail conversation of the intelligentsia of the Legation Quarter in Peiping. There is sufficient irony that one's intelligence is never insulted, and enough humor to make palatable all patronizing attitudes. Further, the stuff is light and enjoyable—an ideal book for convalescents or travellers. The illustrations, which are the author's own drawings, are fair, but not outstanding, nor even the artistic equal of the text.

W. B.

Study of Japanese Militarist Movement

In "Militarism and Fascism in Japan," O. Tanin and E. Yohan, Soviet orientalists, explain the historical background of Japanese militarism and show how fascist organizations influence Japan's foreign policy. International Publishers, New York City, are publishing the book this month.

Central Bank in Shanghai Now Announces Equalization Charge at 10 A. M.

At the request of foreign bankers, the Central Bank began Oct. 22 announcing the equalization charge at 10 a.m. instead of 11.30 a.m. The alteration is made to allow more time for those who wish to ship silver abroad to complete the necessary arrangements in the day.

Furious activity marked the opening of the new Montreal Silver Exchange when 130,000 ounces of silver for December delivery were traded in the first few minutes.

The belief that India may supplant China in selling silver to the United States is expressed editorially by the New York *World Telegram*.

Soviet Delegate Asks Red Cross to Ban War

A bombshell was thrown into the session of the 15th World Red Cross Congress October 23 sitting in Tokyo when Christian Rakovsky, head of the Soviet delegation, asked the Red Cross to pass a resolution for the prevention of warfare.

Dr. Rakovsky said that until now the Red Cross was mainly engaged in negative activities, helping the sufferers after the calamity. He suggested that a more positive attitude would be to go on record in opposition to all wars and in support of peaceful settlement of all international conflicts.

A German Merchant Who Had Two Passports

Anton Wirthmuller, a German merchant who arrived in Shanghai from Europe about five weeks ago, was brought before the First Special District Court Oct. 22 to explain why he had an alleged forged passport in his possession. Mr. Wirthmuller, when shown the passport by the court, said it was not his, but the photo on it was his. Mr. Wirthmuller said he did not know the passport was forged and told the Court that he arrived in China with his own passport which was genuine and, after his arrival, he registered with the local German Consulate-General. Asked by the court to explain how he had obtained the forged passport, Mr. Wirthmuller said that he was a royalist in Germany and that, when he left Paris to visit his parents in Germany, his political friends gave him the allegedly forged passport as they feared that he would be held after his return to Germany because of his relations with the royalist group. However, on his return to Germany, he had no difficulties and, consequently, this passport was never used. Mr. Wirthmuller continued that his friends gave him the passport in Paris some time in June this year and he came to China on September 6 as an agent of a large German motor factory.

Questioned by the Court why he had not destroyed the passport since he had known that it was not a good one, Mr. Wirthmuller replied that this was because he had promised to send it back to his friends. The court adjourned the hearing for one week, during which Mr. Wirthmuller is to furnish $300 cash or shop security.

HOW JAPAN MIGHT WIN WITHOUT FIGHTING

(*Continued from Page 284*)

(4) By making the Powers appreciate the true motives which impel Japan and explain her actions.

The following is a summany of Major General Kono's views, *vide* Sept. issue *Contemporary Japan* :—

The loss of the good will of the world at the beginning of the Manchurian outbreak was solely due to the failure of the Japanese Foreign Office adequately to grasp the actual dimensions of the affair. When the first reports of the Sino-Japanese clash reached Geneva, the League Council adopted the resolution that the incident should not be permitted to spread. The Japanese military authorities tried to eliminate the very root of the trouble, so that there should be no further recurrence, believing this to be the only way of minimizing hostilities in Manchuria. In the seizure of Chinchow, the intention of the Japanese troops was to deprive Chang Hsueh-liang of his last foothold in Manchuria; but in all this, the Foreign Office failed to appreciate the far-seeing schemes of the military. The League of Nations, failing to understand either the real conditions in Manchuria or the intentions of the Japanese army, persisted in its request that the Japanese troops return within the South Manchuria Railway Zone. When the League adopted this recommendation, the Japanese Foreign Office did not take the trouble to explain the real conditions in Manchuria, which precluded the withdrawal of the Japanese troops within the required area. The Foreign Office must not forget that both our closest neighbours, Soviet Russia and China, are clever propagandists. Before he visited Washington, for instance, Maxim Litvinoff had often spoken through the radio about the imminence and the possibility of a Russo-Japanese war, his object being to create in Washington an atmosphere favorable to Soviet Russia.

As a matter of fact, the United States of America is not so easily taken in; nevertheless, to say that the two countries would never join hands against a third party, simply because one is a capitalistic state and the other communistic, is contrary to sound reasoning. Soviet Russia and France are closely allied in spite of their respective constitutions. If Japan has to tide over a crisis in 1935-36, the menace on land may be eliminated by clearing up the unsolved problems that still exist between Japan and the Soviets.

As to the next naval limitation conference, it should be borne in mind that it is a multilateral conference; it is not an American-Japan parley where the two countries would be opposed to each other independently of the other participants. The disarmament conference at Geneva in 1927 broke up without result, but it did not lead to bad feeling among the participants. Besides, a war cannot be begun in the off-hand manner that some seem to believe. The whole world has recently experienced the bitterness of a vast war, and it has not yet recovered from its evils.

It is to be expected that, at the forthcoming international naval limitation conference America will insist on the maintenance of the existing rations. But in this connection, it should be realized that world conditions have undergone drastic changes since the time of the Washington Naval Conference; moreover, there are factors which have forced upon the Japanese consciousness the increased need of national defence. To begin with, the naval policy of America seems to have been intensified with an eye on Japan. Recently also, that nation has been rushing naval construction up to the Treaty limits. This is, no doubt, a part of the national recovery campaign, but it is also the hope of America to use her naval strength as the power behind diplomacy.

As regards the basic naval requirements of Japan, it is vital for our nation, as an island Empire, to command the western Pacific. The Japanese navy, therefore, should aim at building up its strength with special regard to Japan's geographical position, ... a navy cheap to maintain and efficient in an emergency. Capital ships, according to the author, present a problem. It is undeniable that capital ships comprise the main force of a navy; but the loss of a capital ship in time of need would be a great loss indeed, such as might easily dishearten the people; would it not, therefore, be better to abandon any attempt to rival America in the maintenance of this class of ships?

The author does not regard a war on the Pacific as a possibility. But if one came, Japan could meet the situation in two ways. The first plan would be to crush the enemy fleet, and so command the western Pacific; the second plan is applicable to the case where the Japanese navy could not destroy the enemy fleet at a stroke. In such an eventuality, the navy would confine its operations to the defence of the coasts from the Formosan Straits to the southern point of Kamchatka, while keeping the commercial route open between Japan, Manchuria and China, and destroying the enemy's China commerce. In such a case, Japan would be in quite a different position from that of Germany in the world war, for Japan would be able to remain in such a condition for any length of time.

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British Team Wins London-Melbourne Air Race

A score of starters, including the American woman, Miss Jacqueline Cochrane, one of the four women competitors in the London to Melbourne air race, took off from Mildenhall Airdrome, England, Oct. 20 on one of the greatest air adventures in the annals of flying. Following a ballott, it was decided that the famous British flying couple James Mollison and his wife the former Amy Johnson, should be the first to leave the Airdrome, which they did at 6.30 a.m.

The five control points where competitors of the speed race were required to land and check in were: Baghdad, Allahabad, Singapore, Darwin and Charleville.

The distances are:—

	miles
1. London to Baghdad	2553
2. Baghdad to Allahabad	2300
3. Allahabad to Singapore	2210
4. Singapore to Darwin	2084
5. Darwin to Charleville	1389
6. Charleville to Melbourne	787

Covering the 11,323 miles in the phenomental time of two days, 22 hours, 59 minutes and 50 seconds, the British airmen C. W. A. Scott and T. Campbell Black, landed their de Havilland Comet at the Laverton airdrome at Melbourne at 5.34 a.m. G. M. T., thus winning the race.

Parmentier and Moll, Netherlands airmen, arrived in Melbourne at 8.25 o'clock, coming in second.

Colonel Roscoe Turner and Clyde Pangborn, the two American airmen who narrowly escaped death while landing at Baghdad, the first control station, made good progress in their giant Boeing transport plane. They arrived in Melbourne third in the race.

British Flying Officer Gilman's plane crashed near Palazzo San Gervasio and its occupants were burnt to death. Mr. and Mrs. James Mollison, owing to engine trouble (burst cylinder head) announced their withdrawal from the race Oct. 22.

The Royal Air Force bombing machine which left for Alor Star Oct. 22 in connection with the London to Melbourne air race and had since been missing, was found to have crashed in a jungle near Kulang, Johore. The crew are were uninjured, but the machine is badly damaged.

Tokyo Reports 200 Planes Bought by China Since August

The *Rengo* news agency say, two hundred airplanes have been imported into China from abroad since August 1 of this year. Of these planes, 110 were purchased in the United States, 40 in France and 50 in Italy. Of the planes purchased in Italy, 20 were bombers, 10 fighters, 10 scouting planes and 10 training planes.

New Amphibian "Kwangtung" Flies to Foochow

Flying from Shanghai direct to Foochow, one of the new China National Aviation Corporation's Douglas Dolphin amphibians, the *Kwangtung*, left the Lunghwa Shanghai Airdrome Oct. 23 with Captain E. M. Allison at the controls and Captain Cecil Sellers as co-pilot. H. M. Bixby, a director of C.N.A.C., and other C.N.A.C. staff members also made the trip.

One of the main objects of the flight was to test the radio equipment on the plane and the equipment of the new C.N.A.C. station on East Seshan Island, located in the center of Hangchow Bay. The new station completed a fortnight ago, has been sending daily reports, and has proved highly satisfactory.

The *Fukien*, second of the new Dolphin planes to be used on the Canton run, made its first flight in China Oct. 22. Flown by Captain Allison, it was in the air an hour and 45 minutes. Close by in the air was a C.N.A.C. Stinson monoplane in which C.N.A.C. pilots were practising blind flying. After a series of manœuvers, the *Fukien* was found "tip-top" and ready to go on its flights to Canton.

Starting in November, the C.N.A.C. will omit Monday in the daily Shanghai-Hankow airmail and passenger service. For the past few months the line has been flown daily. The change is being made not beeause of traffic, which has set a record this year, but because of the scarcity of pilots resulting from Shanghai.

C.N.A.C. has definitely been promised that two new Lockheed Electra airplanes, for use on the Shanghai-Peiping line, will arrive in December. The Electra planes seat 10 passengers and the flight to Peiping, including stops at Haichow, Tsingtao, and Tientsin, can be made in less than five hours. The Electra planes have a cruising speed of over 200 miles an hour.

Service to Yunnan Planned by China National Aviation Corp.

Preparations are under way by the China National Aviation Corporation for opening a new air service between Shanghai and Yunnan for which official permission and a subsidy have already been secured from the Ministry of Communication. It will be remembered that last year the corporation made two trials to connect Shanghai and Yunnan by air, but the efforts were fruitless in view of the fact that the high mountains in the province made flying difficult. The company has now secured the full co-operation from General Lung Yung, chairman of the Yunnan Provincial Government. General Liu is now building an airdrome and a wireless station in his province and obtained $250,000 from the Government for completing the work. Tai An-chi, general manager of the company, states that although there were difficulties in establishing the new air service his company would use planes with double motors to overcome them.

Boeing Pursuit Plane to Be Demonstrated

Shanghai is shortly to see a demonstration of the fastest plane to have ever come to China. The plane to be demonstrated is a Boeing P-26 pursuit-fighter, which arrived several weeks ago. The demonstration, scheduled late this week or early next week, will be given by Lieutenant Edward Dorsey, crack U.S. Army stunt flyer, who has been given special leave from the army to come to China for the demonstration, which is expected to eclipse the spectacular stunt flying here a year ago by Major "Jimmy" Doolittle.

Further Flights to Be Made by Junkers Plane

The giant Luft-Hansa Junkers Ju 59 tri-motor, which had slight trouble with the tires when landing recently in Nanchang, is now at the Hungjao Airdrome and repairs are almost completed. Further flights of the 18-passenger plane will be made this week-end.

Pan-American Airways Hopes to Open Trans-Pacific Service Next Spring

The Pan-American Airways technicians are studying West Coast (U.S.A.) conditions preparatory to selecting a terminal for a Trans-Pacific air transport service. An experimental Trans-Pacific system will link the corporation's South America route with a line jointly operated with the Chinese Government. The corporations latest flying-boat is capable of carrying on service according to schedule over the longest open stretch of water between California and the Orient, according to J. T. Trippe, president of Pan-American Airways.

Tokyo reports state that the consent of the Japanese Government is being asked by the Pan-American Airways to extend its projected trans-Pacific service to the Japanese islands. The Company expects to open a regular trans-Pacific service in the spring, with the trial flight to be made late next month or early in December. Permission of the Nanking Government is reported to have been already secured by the Pan-American Airways for the extension of the air route from Manila to China.

San Pedro, the port of the city of Los Angeles, has already been chosen as the starting point of the trial flight. The first lap of the flight will be to the Hawaiian Islands, the second to Midway, 2,566 miles away, the third to Guam, 2,600 miles away, the fourth to Manila, 1,400 miles, and the last lap will connect the Philippines with China, a distance of 750 miles. The whole flight is expected to occupy three days.

Five giant Sikorsky planes have already been ordered by the Company. The planes will have a passenger capacity of 32, in addition to the wireleses operator, mechanic, clerk and stewardess. The planes will carry 19 tons of cargo, and have a speed of 190 m.p.h.

The planes to be used by the Company are somewhat similar to the bombers used by the United States Army and Navy, and the fact that the United States Fleet will be in San Pedro at the time of the trial flight is thought by Japanese observers to have some significance.

Concerning the reported request for the extension of the air service to Japan, Tokyo observers point to the fact that a similar service is being contemplated by Japan to link Formosa, Shanghai and Tokyo.

Gen. Chiang Enlists Support of Missionaries in Kansu

Gen. and Mrs. Chiang Kai-shek entertained the entire missionary community in Lanchow, Kansu province, at tea last week. Mrs. Chiang explained the affinity between the objects of the New Life Movement and the missionaries' endeavors to help the people. Mrs. Chiang said that she and the Generalissimo sought co-operation in the attainment of both objectives. Her appeal roused the enthusiasm of her listeners, and a committee was at once formed to work with the Governor of the province and New Life leaders. The immediate objective will be a campaign against opium smoking and foot binding throughout Kansu, and every hospital will establish a clinic to treat smokers. One of the most remarkable features of Gen. Chiang's tour is the enlistment of the entire missionary body in each centre to co-operate with the government and help the people on the basic theory, according to Mrs. Chiang, "that only by saving the people can China be saved."